



Tillamook Urban Renewal Agency
210 Laurel Avenue
Tillamook, Oregon 97141

Phone: 503-842-2472

Fax: 503-842-3445

TURA Regular Public Meeting Notice and Agenda
February 12, 2013 - 5:30 PM
Tillamook City Hall – 210 Laurel Avenue – Tillamook Oregon 97141

CALL TO ORDER AND ROLL CALL

2013 COMMITTEE APPOINTMENTS

APPROVAL OF MINUTES: January 9, 2013 ACTION ITEM

APPROVAL OF BILLS: \$ 13,712.30 ACTION ITEM

APPROVAL OF FINANCIAL REPORT: December 31, 2012

PUBLIC NON-AGENDA ITEMS : Public Concerns/Comments (5 minute limitation).

NEW BUSINESS :

1. Board Vacancy & Appointment ACTION ITEM
2. Letter of Support Request from Terra Wilcoxson, Urban Designer for Grant Funding ACTION ITEM
3. Set 2013-14 Budget Schedule
4. Proposal Committee - Design Assistance Application - Update and/or Action Item
5. 2011-2012 Final Audit Review and Update on Audit RFQ

PENDING BUSINESS:

1. Pelican Pub Contract - Update and/or Action Item
2. Financial Cash Flow Review & Set Date for Work Session

COMMITTEE REPORTS AND PROJECT UPDATES:

1. Sunseri Dutch Mill Project Update
2. Streetscapes Committee Report

CORRESPONDENCE/INFORMATION:

0. Tillamook County Quilt Trail Letter 1-31-2013
1. Standing Committee Descriptions

CONCERNS OF THE BOARD/NON- AGENDA ITEMS:

EXECUTIVE SESSION PER ORS 192.660 (2) (e) AND 196.660 (2) (h) - Real Property and Legal Counsel

ACTION RELATED TO EXECUTIVE SESSION

MEETING SCHEDULE: Next Meeting March 13, 2013

ADJOURNMENT

This is a public meeting per ORS Chapter 192. The Board reserves the right to adjourn into Executive Session per ORS 192.660. The meeting location is accessible to persons with disabilities. Please contact the office of the City Manager of Tillamook at 503-842-2472 should special accommodations be required for citizens with visual or hearing impairment. Persons with hearing impairments may contact the Oregon Relay Service at 1-800-648-3458 (TDD) OR 1-800-648-4442 (VOICE)

Posted February 7, 2013
Tillamook Fire District * Tillamook City Hall * Tillamook County Library *Tillamook County Court House



Tillamook Urban Renewal Agency

Committee Members 2013

Updated 2/12/2013

Proposal and Justification Committee:

Committee Chair – **Dave Schrom**

Committee Member – Ruth LaFrance

Committee Member – Cheryl Davy

Contract Committee:

Committee Chair – **Aaron Zimmerman**

Committee Member – Steve Forster

Committee Member – Alene Allen

Real Estate Committee:

Committee Chair - **Carolyn Decker**

3rd Street Committee:

Committee Chair – **Carolyn Decker**

Committee Member – Dave Schrom

Committee Member – Steve Forster

Streetscapes Committee:

Committee Chair: **Tom Connaughton** (503-842-7940)

Committee At-Large Member – Betty Rolston (503-842-2531 or 503-812-6494)

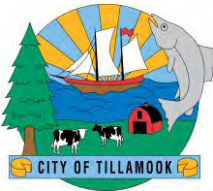
Committee TURA Member – Alene Allen

Committee TURA Member – Ruth LaFrance

Committee TURA Member – Cheryl Davy

Neighborhood Improvement Committee:

Committee Chair – **Dave Schrom**



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**Regular Board Meeting
Wednesday – January 9, 2013 - 5:30 P.M.**

1. **Call to Order and Roll Call:** **Chairman Hurd** called the meeting to order at 5:32 P.M. **D. Reeves** did the roll call of the board and all Board members were present.

Board Members Present:

Don Hurd
Carolyn Decker
Alene Allen
Dave Schrom
Cheryl Davy
Aaron Zimmerman
Steve Forster

Staff Present: TURA Administrator Paul Wyntergreen, Executive Assistant Debbi Reeves

Guests/Public:

Doug Henson, Aaron Palter

Doug Henson asked **Chairman Hurd** if he would consider rearranging the agenda and move the Executive Session to the beginning of the meeting. He explained he has a prior engagement and would not be able to stay later. There was discussion about who could be allowed to attend the Executive Session. **P. Wyntergreen** explained only the media could be part of an Executive Session or the owner of the property that was being discussed in the session and that **Mr. Henson** is neither, therefore would not be allowed to attend. **P. Wyntergreen** noted that any information **Mr. Henson** may have can be submitted to the board under Non-Agenda Items and then considered at the Executive Session.

2. **Election of Officers and Committee Appointments:**

Chairman Hurd asked for nominations for the Chair and Vice Chair positions. **C. Davy** asked if the board would consider a mentorship or succession rotation for officer positions so that each board member has an opportunity to be an officer. She explained her thoughts that each year the Vice Chair would roll into the Chair position and the Chair position roll to an advisory position. There was discussion about whether the bylaws would need to reflect this or if board consensus would be adequate and **P. Wyntergreen** stated this could be discussed with the By-laws/ Roberts Rules of Order agenda item.

C. Davy nominated **Carolyn Decker** for the Chair position. **C. Decker** nominated **Don Hurd** for the Chair position. There were no other nominations. There was discussion on

voting and it was decided to do a written ballot vote. Ballots for the Chairman position were collected by **P. Wyntergreen** and read aloud by **D. Reeves** as follows:

Carolyn Decker voted for Don Hurd for Chairman
Aaron Zimmerman voted for Don Hurd for Chairman
Alene Allen voted for Don Hurd for Chairman

Dave Schrom voted for Carolyn Decker for Chairman.
Steve Forster voted for Carolyn Decker for Chairman
Cheryl Davy voted for Carolyn Decker for Chairman
Don Hurd voted for Carolyn Decker for Chairman

With the votes tallied as 4 votes for **C. Decker** and 3 votes for **D. Hurd**, **D. Reeves** announced **Carolyn Decker** was elected Chairman of the Board.

Nominations were opened for Vice Chair. There was discussion regarding who would like to serve as Vice Chair. **S. Forster** nominated **Dave Schrom** for Vice Chair. **C. Decker** asked if **D. Hurd** would accept a nomination for Vice Chair and he stated he would be resigning from the board effective immediately and would not accept a Vice Chair nomination. **Carolyn Decker** moved in the Chairman seat to conduct the meeting. **D. Schrom** noted the succession plan is a good idea.

D. Reeves read the collected ballots and votes were as follows:

Alene Allen voted for Dave Schrom
Carolyn Decker voted for Dave Schrom
Dave Schrom voted for Dave Schrom
Aaron Zimmerman voted for Dave Schrom
Steve Forster voted for Dave Schrom
Cheryl Davy voted for Dave Schrom
Don Hurd did not vote

D. Reeves announced that **Dave Schrom** was elected to the Vice Chair position.

P. Wyntergreen commented to **Chairman Decker** the board would now need to act on the immediate resignation of **D. Hurd**. **Chair Decker** asked the reason for **D. Hurd's** resignation. **D. Hurd** commented he is "either in or out" and that he has "other things to do." He noted he "cannot do this a little bit." The board asked him to reconsider and noted his experience is very valuable. **D. Hurd** commented he "does not fit into a succession plan" and that **D. Reeves** and **P. Wyntergreen** will provide all the needed assistance. He also noted that it would not work for him if he was not Chair. Everyone commented that he will be missed and he noted he has enjoyed his time with TURA. As he left the meeting **D. Reeves** asked **D. Hurd** for a letter of resignation.

D. Reeves asked the board if she could speak to **Ruth LaFrance** who ran for a board

position in December and **A. Zimmerman** received the appointment. There was discussion about this and whether or not to advertise the open position. The board decided to open the vacancy for 2 weeks so **D. Reeves** will post on the website and at the normal posting locations. It was also decided that **D. Reeves** will speak with **R. LaFrance** to see if she was willing to resubmit her volunteer application for the TURA Board.

3. **Approval of Minutes:**

D. Schrom noted he would like the minutes changed on page 3 pertaining to 3rd Street to reflect he said that 3rd Street “will be city owned not county owned after completion.”

- **D. Schrom made a motion to approve the minutes of the December 12, 2012 regular board meeting as written with the minor correction. D. Davy seconded the motion. Ayes were received by A. Allen, D. Schrom, C. Davy, and C. Decker. S. Forster and A. Zimmerman abstained. The motion passed by majority.**

Items out of agenda sequence:

******* Committee Assignments:**

P. Wyntergreen noted to **Chairman Decker** the board had skipped over the Committee appointments during the election portion of the meeting. After a brief discussion it was decided to defer the Committee assignments until the next meeting. **Chairman Decker** will speak with board members about their committee preferences in the meantime. **P.**

Wyntergreen noted the list in the packet was the 2012 Committee assignments and for reference only. There was also discussion of the committee descriptions so **D. Reeves** will get descriptions for the next meeting. **P. Wyntergreen** noted a decision on whether a committee needs to exist can be made at the next meeting also.

******* Resignation of Don Hurd:**

S. Forster asked if a formal action of the board needed to be taken on the resignation of **Don Hurd**. **P. Wyntergreen** recommended this should be done.

- **S. Forster made a motion to accept Don Hurds resignation from the board immediately. C. Davy seconded the motion. Chairman Decker asked for the vote. Ayes were received by S. Forster, C. Decker, and C. Davy. Nays were received by D. Schrom and A. Allen. A. Zimmerman abstained as he did not feel the board could take action without a letter of resignation. There was discussion about an official letter of resignation and it was decided since D. Hurd formally resigned in a public meeting that the board could act on that resignation. The motion passed by a majority.**

4. **Approval of Bills:**

➤ **D. Schrom made a motion to approve the payment of \$1,985.00 to the attorney (check #705). A. Allen seconded the motion. Ayes were received by all board members present. The motion passed unanimously**

5. **Approval of Financial Report:**

There were no comments on the December 31, 2012 Financial Report. **D. Reeves** reported approximately 83% of the tax revenues have been received. **P. Wyntergreen** commented the 2011- 2012 financial audit is almost complete and that the auditors had filed for an extension. He also stated his opinion is that the monthly financial statement did not need to be formally approved.

6. **Public Non-Agenda Items:** None

7. **Pending Business:**

a) **Legal Advice from Jeannette Launer:**

P. Wyntergreen went over the written opinion provided by attorney **Jeannette Launer** pertaining to the bylaws and Roberts Rules of Order brought up at the last meeting. There was discussion about the role of the Chair and Roberts Rules of Order. **P. Wyntergreen** does not believe the bylaws regarding Section 4g needs revision. Consensus of the board was to leave the bylaws for this section as is.

S. Forster commented on the suggestion from **C. Davy** that a succession plan be initiated by TURA for Board Officers. **D. Schrom** asked if a summary could be prepared and explained in the minutes.

C. Davy outlined her thoughts that the Vice Chair would serve for one year then move into the Chair position for the second year and stay on as an advisor to the Chair in the third year. **A. Allen** noted this should not be locked in stone as people's lives change. **A. Zimmerman** commented it could be an understanding of the board to use a succession plan. The board was in agreement to have an understanding or protocol for a succession plan for officers of the board. **D. Schrom** summarized the plan as stated above.

b) **LGIP Signature Updates:**

D. Reeves noted she will have to redo the letter to the state on the LGIP accounts since there are now changes to the board and officers. She will bring this to the next meeting. She also commented that Columbia Bank has given permission for the board to move the reserve funds into the state pool account to get a better interest rate. This cannot be done until all of the board member updates have been completed. It may be March before this gets complete

since there could potentially be a new board member in February appointed to fill the vacancy created by **D. Hurds** resignation.

8. **New Business:**

a) **Set Work Session for New Committee:**

D. Reeves explained the new committee was something **D. Hurd** was initiating. She also commented on why he thought facts and justifications for projects needed to become part of a project file. She explained TURA records are permanent and document like this would be a part of the history of the project. **D. Schrom** noted he agreed there should be a summary of the project on record. **Chairman Decker** stated she thought the Proposal Committee should be able to add a Fact and Justification document into their initial report from now on. This will be revisited at the next meeting.

9. **Committee Reports:**

a) **Sunseri Dutch Mill Project:**

D. Reeves reported she had spoken with **Josh Matsell** and that he is getting together a quote for engineering on the cement beam and moving the large neon sign up on the building. She hopes to have a quote back to the board soon. There was discussion about the project and the construction.

b) **Pelican Pub Brewery Project:**

P. Wyntergreen stated we are waiting for a draft contract to review from the Pelican Pub attorney. Once that is received TURA attorney **Jeannette Launer** will review. He hopes to have this by the next meeting. **D. Schrom** noted there is work going on at the location and that things are being moved out of the building.

10. **Correspondence/Information:**

a) **City Costs on 3rd Street Waterline Project:** **P Wyntergreen** noted this is an information letter and final costs have not been determined.

b) **Tillamook County Pioneer Museum Invitation:** **Chairman Decker, A. Allen,** and **D. Schrom** intend to go to this discussion which should be very interesting.

c) **City Council Meeting on January 22, 2013:** **P. Wyntergreen** noted the Parks and Recreation Master Plan will be a Work Session for the City Council and invited the board to attend.

d) **New Owner of 1906 1st Street:** **D. Reeves** noted she had spoken with the new owner of the building and that he was interested in TURA programs. He took an application for all

three programs.

11. Concerns of the Board and Non-Agenda Items:

D. Schrom commented on **D. Hurd** leaving and there was discussion of the situation. **Chairman Decker** explained the role of the Vice Chair in the past.

12. Executive Session:

Chairman Decker read the Executive Session disclosure statement and cited ORS 192.660 (2)(e) and 192.660 (2)(h). The regular meeting was adjourned into Executive Session at 6:42 P.M.

Chairman Decker reconvened the regular meeting at 7:10 P.M.

13. Meeting Schedule:

The next regular board meeting will be held on February 13, 2013.

14. Adjournment:

With no further business **Chairman Decker** adjourned the meeting at 7:12 P.M.

Prepared by:
Debbi Reeves
Executive Assistant

Carolyn Decker - TURA Chairman

12:34 PM
February 7, 2013
Cash Basis

Tillamook Urban Renewal Agency
Check Report
February 12, 2013

Date	Num	Name	Memo	Paid Amount
Feb 12, 13				
2/12/2013	706	City of Tillamook	Office Supplies & Web Service	-60.45
2/12/2013	707	Bryan P. Fitzsimmons CPA	Nov 2012 Financial Statement	-750.00
2/12/2013	708	Country Media Inc	Annual Report Publication	-399.00
2/12/2013	709	Pauly Rogers & Co PC	2011-2012 Final Audit	-1,820.00
2/12/2013	710	Oregon Secretary of State	State Audit Fee 2011-2012	-200.00
2/12/2013	711	Albright Kittell PC	January Legal Services - Janac	-300.00
2/12/2013	712	Jeannette M Launer Attorney	Dec & Jan Legal Service - Pelican Brewing	-810.00
2/12/2013	713	City of Tillamook	Quarterly Admin, Jan Web, Office Supplies	-9,372.85
Feb 12, 13				-13,712.30

**Tillamook Urban Renewal Agency
General Fund
Statement of Cash Receipts, Disbursements and Balance
with Annual Budget to Actual Comparisons
For the Six Months Ended December 31, 2012**

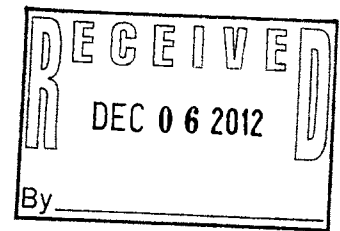
	Month of Dec 2012	Fiscal Year to Date	Annual Budget	Over (Under) Budget	% of Budget
Resources & Receipts					
40001 • Beginning Fund Balance - 7/1/2012	-	229,541.04	248,642.00	(19,100.96)	92.32%
45037 • Transfer in From TIF	-	50,000.00	80,655.00	(30,655.00)	61.99%
27200 • Long Term Loan Repymt Income	1,000.00	6,000.00	13,300.00	(7,300.00)	45.11%
45031 • Interest Earned	24.71	153.17	500.00	(346.83)	30.63%
45035 • Late Charges & Fees	-	-	1,500.00	(1,500.00)	0.0%
45036 • Deposit Refund	-	-	226,000.00	(226,000.00)	0.0%
Total Resources & Receipts	1,024.71	285,694.21	570,597.00	(284,902.79)	50.07%
Disbursements:					
Materials and Services:					
62100 • CONTRACT SERVICES					
62110 • IGA Services (City Tillamook)	-	25,356.17	40,055.00	(14,698.83)	63.3%
62140 • Legal Services	150.00	3,325.00	10,000.00	(6,675.00)	33.25%
62141 • Consulting Fees	-	80.00	5,000.00	(4,920.00)	1.6%
62142 • Financial/Audit Service	750.00	8,070.00	15,000.00	(6,930.00)	53.8%
62143 • Engineer/Archi Services	-	600.00	2,500.00	(1,900.00)	24.0%
62144 • Design/Enviro Studies	-	-	2,500.00	(2,500.00)	0.0%
62145 • Internet Web Services	18.00	245.20	500.00	(254.80)	49.04%
62146 • Appraisals Inspections	-	-	200.00	(200.00)	0.0%
Total 62100 • CONTRACT SERVICES	918.00	37,676.37	75,755.00	(38,078.63)	49.73%
65000 • OPERATIONS					
65005 • Legal/Advertise/Publica	-	102.90	1,500.00	(1,397.10)	6.86%
65010 • Insurance	-	573.00	-	573.00	100.0%
65020 • Postage	-	-	200.00	(200.00)	0.0%
65040 • Office Supplies	-	1,092.57	1,000.00	92.57	109.26%
65110 • Bank Fees	15.00	75.29	500.00	(424.71)	15.06%
65140 • Loan Service Fees	-	800.00	1,000.00	(200.00)	80.0%
Total 65000 • OPERATIONS	15.00	2,643.76	4,200.00	(1,556.24)	62.95%
68300 • TRAVEL AND MEETINGS					
68310 • Agency Comm Meet Exp	-	265.93	500.00	(234.07)	53.19%
68330 • Conference Education	-	-	200.00	(200.00)	0.0%
Total 68300 • TRAVEL AND MEETINGS	-	265.93	700.00	(434.07)	37.99%
Total Materials and Services	933.00	40,586.06	80,655.00	(40,068.94)	50.32%

**Tillamook Urban Renewal Agency
General Fund
Statement of Cash Receipts, Disbursements and Balance
with Annual Budget to Actual Comparisons
For the Six Months Ended December 31, 2012**

	<u>Month of</u> <u>Dec 2012</u>	<u>Fiscal Year</u> <u>to Date</u>	<u>Annual</u> <u>Budget</u>	<u>Over (Under)</u> <u>Budget</u>	<u>% of</u> <u>Budget</u>
70000 - CAPITAL OUTLAY					
70070 - Facade Loan Grant	6,610.00	23,910.35	50,000.00	(26,089.65)	47.82%
70100 - Streetscape Beautification	-	-	50,000.00	(50,000.00)	0.0%
70107 - Reserved Agency Project	45,156.25	45,156.25	344,942.00	(299,785.75)	13.09%
70110 - Playground Equipment	-	-	5,000.00	(5,000.00)	0.0%
Total 70000 - CAPITAL OUTLAY	<u>51,766.25</u>	<u>69,066.60</u>	<u>449,942.00</u>	<u>(380,875.40)</u>	<u>15.35%</u>
Total Disbursements	<u>52,699.25</u>	<u>109,652.66</u>	<u>530,597.00</u>	<u>(420,944.34)</u>	<u>20.67%</u>
Net Change/Ending Fund Balance	<u>(51,674.54)</u>	<u>176,041.55</u>	<u>40,000.00</u>		
Components of Fund Balance:					
Cash held in Bank of Astoria account		\$ 201,999.55			
Cash held in TLC account		32,898.55			
Cash held in US Bank account		8,415.97			
Cash held in LGIP #3702		21,763.74			
Due To Tax Increment Fund		(89,036.26)			
		<u>\$ 176,041.55</u>			

**Tillamook Urban Renewal Agency
Tax Increment Fund
Statement of Cash Receipts, Disbursements and Balance
with Annual Budget to Actual Comparisons
For the Six Months Ended December 31, 2012**

	Month of Dec 2012	Fiscal Year to Date	Annual Budget	Over (Under) Budget	% of Budget
Resources and Receipts					
80001 • Beginning Fund Balance - 7/1/2012	-	165,249.15	130,000.00	35,249.15	127.12%
83690 • Interest Earned - TIF	126.77	446.05	500.00	(53.95)	89.21%
83680 • Prior Years' Taxes Received	170.05	8,844.25	9,000.00	(155.75)	98.27%
83677 • LGIP 3677 Tax Revenues Received	3,909.94	205,396.36	231,000.00	(25,603.64)	88.92%
Total Resources and Receipts	4,206.76	379,935.81	370,500.00	9,435.81	102.55%
Disbursements:					
86000 • Loan Repayments	-	-	170,000.00	(170,000.00)	0.0%
87010 • Transfer Out to GF	-	50,000.00	80,655.00	(30,655.00)	61.99%
87000 • Other Disbursements					
85110 • Bank Fees - TIF	10.41	63.32	1,500.00	(1,436.68)	4.22%
Total 87000 • Other Disbursements	10.41	63.32	1,500.00	(1,436.68)	4.22%
Total Disbursements	10.41	50,063.32	252,155.00	(202,091.68)	19.85%
89000 • Reserve for Future Debt Svc	4,196.35	329,872.49	118,345.00		
Components of Fund Balance:					
Cash held in LGIP #3677		\$ 240,836.23			
Due From General Fund		89,036.26			
		<u>\$ 329,872.49</u>			
Loan Balances:					
Columbia State Bank		\$ 1,500,000.00			
		<u>\$ 1,500,000.00</u>			



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VOLUNTEER POSITION APPLICATION

The TURA is a 7-member board consisting of 5 At-Large members and 2 City Council representatives meeting on the 2nd Wednesday of the month at 5:30 p.m. at City Hall

NAME: Ruth LaFrance

ADDRESS: 7730 Trask River Road / Tillamook OR 97141

PHONE NUMBER(S): 503-842-5836

E-MAIL: rmlafrance@gmail.com

Please provide a brief statement why you are interested in this position:

I have lived in Tillamook County since 1970, leaving in 2002 and returning in 2007. At no time have I lived within the boundaries of Tillamook City. In spite of that, I have identified with Tillamook City as my home city. Tillamook City is where I shop, where I find medical and dental care, where my oldest sons were born, where the library, the post office, and county offices are located, where I bank, where I now work, where I volunteer. Tillamook City is the hub for my activities as a homemaker, parent and citizen. The quality of my life for nearly 40 years has been tied to the quality of Tillamook City.

Not living within the city's boundaries, I am not eligible to serve on the city council or other city boards. Volunteering to TURA expertise gained through 40 years of work on myriad committees and within professional settings is a way for me to give to Tillamook City some small measure of what Tillamook City has given to me over the years.

Please list all current and prior community/organization activities and positions:

CURRENT: 2007—Present

*TURA

*Tillamook County Library Board, member

*Tillamook County Library Foundation, member

*Tillamook County Cultural Coalition, moderator

- *Migoto Yamadori Bonsai Club of Tillamook, current secretary—past president
- *Volunteer at Tillamook County Pioneer Museum: Archived picture scanning
- *Volunteer Tillamook City Clean up: Company's Coming 2012
- *Volunteer Tillamook City Storefront Fill 2012: Historic photos at former "The Place"

PAST

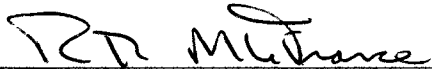
- *See attached Community Involvement Resume, 1975--2007

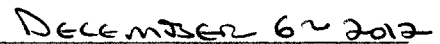
Any other comments for board consideration:

The current vacancy in Position #4 on TURA is for a city resident. I have been encouraged to apply for a position on TURA by a current city council member with the understanding that non-residents are also allowed to fill TURA board positions.

The current facelift occurring with city buildings is exciting to see. I would be honored to participate with TURA to further the Tillamook revival.

If not selected for this position would you be interested in accepting another volunteer position with the TURA now or in the future? YES





Signature of Applicant

Date

Agency Board Members: Chairman Don Hurd: Vice-Chairman Carolyn Decker Board Directors: Alene Allen. Lynda Casey. Dave Schrom: City Council: Cheryl Davy. John Sandusky Administrator: Paul Wyntergreen: Executive Assistant: Debbi Reeves

COMMUNITY INVOLVEMENT RESUME, 1975--2007

2003-2007	Member of Community Partnership for Children for Lenox, Lee, and Tyringham, MA
October 2003- June 2007	Member School Council Monument Mountain Regional High School, Great Barrington, MA
December 2001	Conducted a preliminary study of the needs of the Hispanic community related to Tillamook County Library services.
Fall 2000	Compiled an annotated bibliography of health resources (book and internet) for senior citizens, Tillamook County.
January 1992- March 1992	Spontaneous Problem Captain for Mid-Valley/Coast Regional Odyssey of the Mind Tournament.
December 1991	Taught basket making for two full days in sixth grade classroom.
Summer 1991- Spring 1999	Secretary/Treasurer of Tillamook County Library Foundation, Inc.
Spring/Summer 1991	4-H Rabbit Club Leader.
	Spontaneous Problem Captain for Mid-Valley/Coast Regional Odyssey of the Mind Tournament.
Fall 1990	Committee member for Explorer Sea Scout Ship 539.
Spring 1990	Secretary/Treasurer for the Committee to Pass the Tillamook County Library Levy.
1989-1990 School Year	Member of the Gifted Education Program Advisory Committee Tillamook School District NO. 9.
	Odyssey of the Mind Coordinator for Tillamook School District No. 9.
	Odyssey of the Mind Coach.
	4-H Rabbit Club leader.
	Co-chairman of the Tillamook Junior High School Parent Council.
	Family Community Leadership (FCL) team member.

1988-1989 School Year	<p>Newsletter editor for the School District No. 9 Gifted Education Program Advisory Committee and member of the committee.</p> <p>Odyssey of the Mind coach.</p> <p>Co-author of successful improvement grant for Gifted Education Program</p> <p>4-H Rabbit Club leader.</p> <p>Attended three day training sponsored by Oregon State University Extension and became member of Family Community Leadership (FCL) team. Team trains local committees in art of effective committee leadership for social change.</p>
Spring 1988	<p>Secretary/Treasurer for the Committee to Pass the Tillamook County Library Levy.</p> <p>Taught basket making for one week in each of three fifth grade classrooms.</p>
January 1988	<p>“Dolley Madison Journal: Flight From Washington” published in <u>Cobblestone</u>.</p>
December 1987- June 1988	<p>Odyssey of the Mind Coach.</p>
Summer & Fall 1987	<p>Wrote <u>The Public Library in Tillamook County 1907-1987</u>. This history was published by the Tillamook County Library Board on the 80th anniversary of the library in Tillamook County.</p>
Spring 1987	<p>Chairman of the Kindergarten Advisory Committee for Tillamook School District No. 9.</p>
Spring 1986	<p>Co-authored successful initiation grant for Gifted Education Program in Tillamook School District No. 9.</p>
Fall 1985	<p>Treasurer for V.O.T.E.—Voice of Tillamook Education (citizen group dedicated to passing an adequate tax base for School District No. 9).</p>
May 1985-May 1990	<p>Member Gifted Education Program Advisory Committee for Tillamook School District No. 9.</p>

Spring 1984	Co-directed effort to pass tax base for Tillamook School District No. 9.
Fall 1982- Spring 1983	Kindergarten classroom volunteer one morning each week.
Spring 1982- Fall 1984	Coordinator of Tillamook School District No. 9 School Volunteer Program.
Spring 1982	Developed School Volunteer program for Tillamook School District No. 9.
Fall 1981- Spring 1982	Taught reading two mornings each week as a volunteer in first grade classroom.
1982	Registrar for a national childbirth conference sponsored by the National Association of Childbirth Education, Inc.
1980	Co-developer and instructor of an early bird childbirth class series.
May 1980- 1982	Editor of "Seedlings," the Oregon insert for the bimonthly May publication of La Leche League International.
1977-1982	La Leche League Leader.
1975-1982	Certified childbirth educator with the National Association of Childbirth Education, Inc.

Debbi Reeves

From: Terra Wilcoxson
Sent: Monday, February 04, 2013 3:28 PM
To: Debbi Reeves
Subject: TURA letter of support

Hello Debbi,

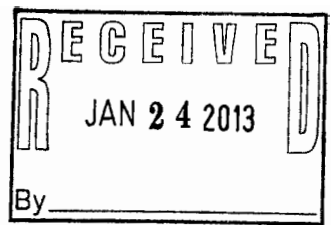
I am hoping TURA will consider writing another letter of support for Phase I of the Tillamook Public Mural Program, a program of the Tillamook County Quilt Trail Coalition. This letter will assist with a Tillamook Public Utility District 2013 Community Support Grant application. A copy of the previous letter will be perfect, except it will need to be addressed to Tillamook PUD P.O. Box 433 Tillamook, OR 97141. The letter can be given directly to me by February 18th. Please let me know if you need any more information. I thank you in advance for the assistance.

Best,
Terra Wilcoxson

Urban Designer/City of Tillamook
Board Member/Tillamook County Quilt Trail Coalition

City of Tillamook
Budget Calendar
Fiscal Year 2013 / 2014

	BUDGET COMMITTEE	URBAN RENEWAL BUDGET COMMITTEE
<u>PREPARING THE BUDGET</u>		
<u>1. BUDGET OFFICER APPOINTED.</u> Each local government must have a budget officer, either appointed by the governing body or designated in the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.	Paul Wyntergreen	
Council to appoint budget committee members.	March 18, 2013	
Council to set two budget committee meeting dates for both budgets.	1) April 24, 2013 2) May 1, 2013	
<u>2. PROPOSED BUDGET PREPARED.</u> The budget officer is responsible for preparing or supervising the preparation of the proposed budget for presentation to the budget committee and to be available to the public.	April 18, 2013	
<u>APPROVING THE BUDGET</u>		
<u>3. BUDGET OFFICER PUBLISHES NOTICE.</u> When the proposed budget and the budget message are ready, the budget officer publishes a "Notice of Budget Committee Meeting." It must be published at least twice, 5 to 30 days before the scheduled budget committee meeting date, separated by at least 5 days.	Notice #1 - April 10, 2013 Notice #2 - April 17, 2013	
Prepare budget committee packets for pickup.	April 18, 2013	
<u>4. BUDGET COMMITTEE MEETS.</u> At least one meeting must be held to 1) receive the budget message and budget document, and 2) hear the public. The budget officer provides a copy of the proposed budget to each member of the budget committee. The copies may be distributed at the advertised meeting. When the budget is given to the budget committee, it becomes a public record and must be made available to the public.	April 24, 2013 May 1, 2013	
<u>5. COMMITTEE APPROVES BUDGET.</u> When the budget committee is satisfied with the proposed budget, including any additions to or deletions from the one prepared by the budget officer, the budget is approved.	May 1, 2013	
<u>ADVERTISING AND HOLDING HEARINGS</u>		
<u>6. BUDGET SUMMARY AND NOTICE OF BUDGET HEARING PUBLISHED.</u> The budget officer must publish a summary of the budget approved by the budget committee and notice of budget hearing 5 to 30 days before the scheduled hearing. A second notice of budget hearing must be published, but need not contain the summarized financial information. It should briefly repeat significant information about the scheduled budget hearing, and indicate where the complete budget document is available for inspection.	Published June 5, 2013 (publish once only at least 5 days prior, but not more than 30 days prior to meeting date).	
<u>7. BUDGET HEARING HELD.</u> After the budget is approved, a budget hearing must be held by the governing body. The budget hearing must be held by the governing body on the date specified on the public notices. The purpose of the hearing is to receive citizen's testimony on the budget. Additional hearings may be held, and all hearings are open to the public.	June 17, 2013	June 12, 2013
<u>ADOPTING THE BUDGET</u>		
<u>8. BUDGET ADOPTED, APPROPRIATIONS MADE, TAX LEVY DECLARED AND CATEGORIZED.</u> By law the governing body may make changes in the approved budget before or after it is adopted, but no later than the beginning of the fiscal year to which the budget relates. After the budget hearing, the governing body adopts the budget. It should not be formally adopted until the latter part of June so last-minute revisions can be incorporated.	Adoption June 27, 2013	UR Adoption June 12, 2013
1. The governing body must enact a resolution to formally adopt the budget.	Resol. #	Resol. #
2. The governing body must enact a resolution to make appropriations.	Resol. #	Resol. #
3. The governing body must enact a resolution to levy & categorize any tax.	Resol. #	Resol. #
<u>9. BUDGET FILED AND LEVY CERTIFIED.</u>		
1. Districts levying a property tax must submit to the county assessor's office on or before July 15: 2 copies of notice of levy and the categorization certification, and two copies of the four resolutions. At the same time, one copy of the complete budget should go to the county clerk.	File July 1, 2013	UR - File July 1, 2013



**Tillamook Urban Renewal Agency
Façade Design Assistance Grant Program**

Application

Date Application Submitted Jan 24, 2013

Applicant Information:

Company Obb Partners U, LLC

Address 205 SE Spokane St Ste 349 Portland OR 97202

Address of Subject Property 1906 1st St Tillamook OR

Assessor Tax Lot Number 1S 1025 AD 3200

Contact Person Todd Bouchard Email Address todd@kingstincapital.com

Phone Number 503 750 0112 Fax Number 503 905 3454

☒ Building Owner

☐ Tenant

Building Owner Information (if different from applicant):

Contact Person _____

Contact Address _____

Email Address _____ Phone Number _____

Fax Number _____

☐ Owner is aware of the application

☐ Owner has endorsed the application

Please submit the following information with your application:

- ☐ Photographs clearly showing existing conditions of the building to be improved;
- ☐ A written description of the proposed work (attached);
- ☐ Basic drawings or sketches showing the proposed improvements
- ☐ Written consent from the property owner, if owner is different from applicant.

Requirements:

- Professional design work shall not begin until this application is approved by the Tillamook Urban Renewal Agency board.
- Design services are limited to facades or building exterior improvements (further descriptions of eligible projects are describe by the Façade Grant Program Guidelines and Overview).
- Funding will **only** be provided to design consultants pre-approved by the Tillamook Urban Renewal Agency Proposal Committee. *Who?*
- Design assistance funding shall be issued by the Tillamook Urban Renewal Agency board directly to the approved designer **only** after receipt of reproducible design materials.


Project Start Date _____

Expected Completion Date _____

Total Estimated Cost of Project _____

Grant Amount Requested _____

I agree that the information provided above and within is accurate and correct to the best of my knowledge. I also assure that my person and business are in compliance with all laws, ordinances, rules and regulations of the State of Oregon and the Tillamook Urban Renewal Agency.

Signature of Applicant 

Signature of Design Consultant _____

Written Summary of Proposed Work:

Please be specific, providing as many details regarding materials as possible. Also explain how the proposed project will enhance the integrity of the TURA District. In addition, please provide; purpose for the project, intended use of the building, current use of the building and estimated age of the building.

Current building built in 1910 for retail

We want to develop a plan that will repair the exterior facade including doors, windows, masonry, and awning that will make this building more consistent with other downtown buildings.

The plan will follow the Town Center District guidelines. We want to remove the tin!! Hopefully re creating the historic character.

**Attach additional sheets if necessary.

Property Owner Consent Form:

I, Todd Bouchard/Obb U ("Property Owner"), certify that I own the property located at 1906 1st St Tillamook ("Address") in Tillamook, Oregon and that I have reviewed the application by Obb U, LLC ("Applicant") for participation in the Tillamook Urban Renewal Agency's Façade Grant Program. I understand that the proposal includes the following changes and/or enhancements to my building:

New awning
Façade repair replacement

I fully support this application and further certify that the Applicant holds a valid lease for _____ months, expiring on NA.

1/16/13
Date Signature of Property Owner
Todd Bouchard Manager Obb Partners ULLC Todd A Bouchard

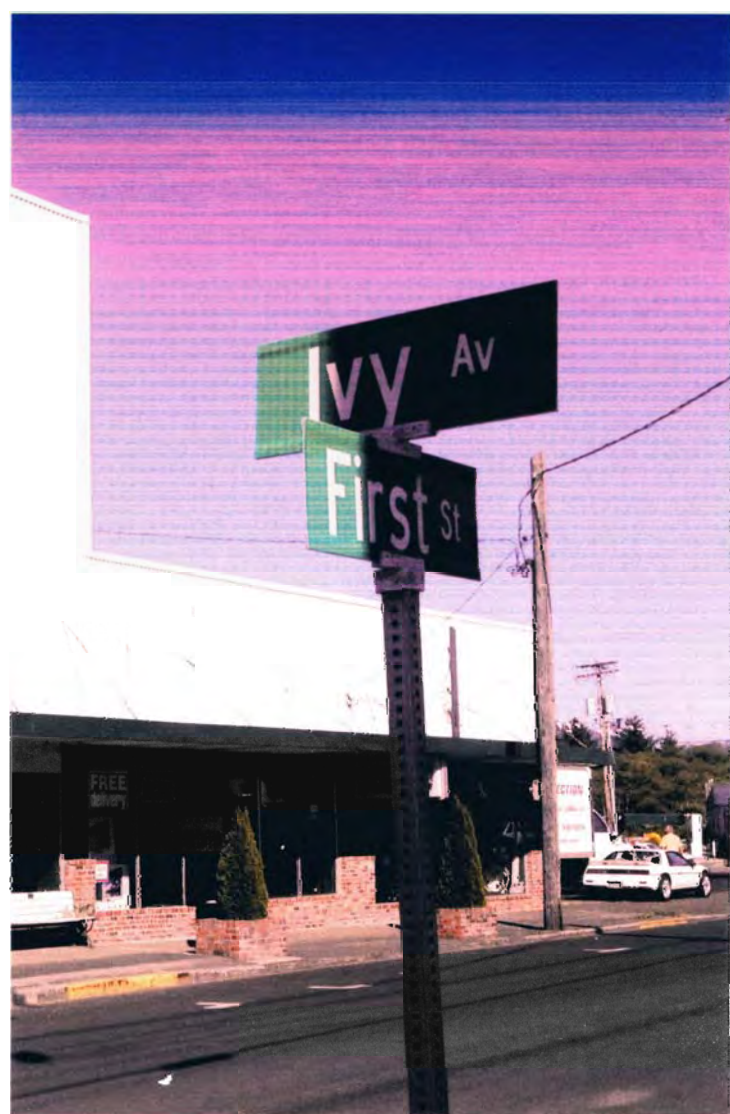
Printed Name of Property Owner
205 SE Spokane St Ste 349

Mailing Address of Property Owner
Portland OR 97202

Telephone Number of Property Owner
503 750 0112

Return to:

Tillamook Urban Renewal Agency
City of Tillamook
210 Laurel Avenue
Tillamook, OR 97141
503-842-2472





ENGAGEMENT MEMORANDUM

Thank you for this opportunity to work on your project. This memo sets forth our understanding of the project. Please sign this form below and return a copy of it to me so that I may begin these services.

Client Todd Bouchard, Kingslin Capital
Project 1902 1st St. Facade Renovation
Project No. 1303

Scope of Services

- | | |
|---|---|
| <input type="checkbox"/> Needs Assessment | <input type="checkbox"/> General Consulting
<i>includes zoning representation & code investigation</i> |
| <input checked="" type="checkbox"/> Schematic Design | <input type="checkbox"/> Construction Documents
<i>design development, system engineering</i> |
| <input type="checkbox"/> Site Design | <input type="checkbox"/> Construction Administration |
| <input checked="" type="checkbox"/> Other: presentation renderings for TURA | |

Notes This quote includes minimal surveying of the existing facade as needed to facilitate the design, preparation of schematic design drawings, and one meeting with the TURA board (if needed). It does not include structural, seismic, life safety, or other investigations. Drawings will be of a preliminary nature, adequate to communicate the intent of the design but not suitable for construction.

Anticipated Schedule

Start Date March 1, 2013
Finish Date March 15, 2013
Notes

Compensation

- | | |
|--|---|
| <input type="checkbox"/> Time and Materials
\$75/ hr Architect
\$50/ hr Residential Design
\$40/ hr Technical Staff | <input checked="" type="checkbox"/> Fixed Fee
\$1,200.00

<input type="checkbox"/> other |
|--|---|

Notes We will send invoices monthly, and they are due 30 days from receipt. Past due invoices will accrue interest at 1.5% per month. You will not be billed separately for long distance calls or travel within Tillamook county. You may be billed for reprographics, shipping fees, permit fees, or other services performed on your behalf. An administration and coordination fee of 10% will be applied to any consultants contracted on your behalf.

James M. Fanjoy, Architect

Date

Owner

Sign here to accept these terms

Date

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

COMMUNICATION TO THE GOVERNING BODY
(SAS 114 LETTER)

FOR THE YEAR ENDED JUNE 30, 2012



12700 SW 72nd Ave.
Tigard, OR 97223



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

December 7, 2012

To the Board of Directors
Tillamook Urban Renewal Agency

We have audited the financial statements of the governmental activities and each major fund of the Tillamook Urban Renewal Agency for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. Professional standards require that we provide you with the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the financial statements and compliance with:

- the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles,
- generally accepted auditing standards, and
- the Oregon Municipal Audit Law and the related administrative rules.

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal controls over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal controls. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters.

Results of Audit

1. Audit opinion letter - an unqualified opinion on the modified cash basis financial statements has been issued. This means we have given a "clean" opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment except as noted on page 20 of the report.

3. Management letter – we issued a separate management letter dated December 7, 2012 detailing significant deficiencies in internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during 2011-12. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements or determined that their effects are immaterial. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. There were immaterial uncorrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to our retention as the auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information within Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Other Matters – Future Accounting and Auditing Issues

In order to keep you aware of new auditing standards issued by the American Institute of Certified Public Accountants (AICPA) and accounting statements issued by the Governmental Accounting Standards Board (GASB), we have prepared the following summary of the more significant upcoming issues:

GASB 60

GASB Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation date for this statement is fiscal year 2012-13. The provisions of this Statement generally are required to be applied retroactively for all periods presented. Additional footnote disclosures of these arrangements will be required.

GASB 61

GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus*, changes the requirements for inclusion of component units in the primary government’s financial report, and is intended to reduce the number of entities included as component units. The implementation date for this statement is fiscal year 2012-13. There are specific requirements for inclusion. All component units need to be compared to those requirements.

GASB 62

GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989, which do not conflict or contradict with certain GASB pronouncements, collectively referred to as the “FASB and AICPA pronouncements.” The implementation date for this statement is fiscal year 2012-13.

GASB 63

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The implementation date for this statement is fiscal year 2012-13. This statement will lead to the renaming of the “statement of net assets” to the “statement of financial position”, and the caption for the equity section changing from “net assets” to “net position.”

AUDITING STANDARDS

The Accounting Standards Board (ASB) has taken on the “Clarity Project”, which involves converging U.S. Generally Accepted Auditing Standards (GAAS) with International Standards on Auditing (ISA). The ASB has reissued all previously issued statements on auditing standards (SAS) in a new format. Changes under the Clarity Project include a revision to the auditors’ report language, new engagement letter language, new language for communicating internal control deficiencies, and additional new audit documentation requirements in areas such as the audit strategy and related parties. The implementation date for this statement is fiscal year 2012-13.

This information is intended solely for the use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.


PAULY, ROGERS AND CO., P.C.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

MANAGEMENT LETTER
(SAS 115 LETTER)

FOR THE YEAR ENDED JUNE 30, 2012



12700 SW 72nd Ave.
Tigard, OR 97223



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

December 7, 2012

Tillamook Urban Renewal Agency
Tillamook, Oregon

In planning and performing our audit of the basic financial statements of City of Tillamook Urban Renewal Agency as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Auditing Standards Board issued SAS No. 115, *Communicating Internal Control Related Matters Identified in an Audit*, effective for audits of financial statements for periods ending on or after December 15, 2009. This statement requires auditors to evaluate identified control deficiencies and determine whether those deficiencies, individually or in combination, are significant deficiencies or material weaknesses, and if so communicate them in writing to those charged with governance.

The following new significant deficiencies were noted during 2011-12:

1. During our review of the bank reconciliations, we noted that the reconciliations did not appear to be reviewed by someone independent of the reconciliation process. Proper controls should be in place and monitored to ensure monthly reconciliations are accurate, completed, and reviewed in a timely manner. Without these controls in place, the possibility exists for intentional or unintentional errors or irregularities to exist and go undetected for an unreasonable amount of time and therefore increases the likelihood of a material misstatement.

Other Matters – Not Significant Deficiencies (Best Practices)

1. Governing Body Monitoring

In integral part of internal controls is the monitoring of financial activities by those charged with the governance. This can be accomplished by asking specifically designed questions to senior staff, by reviewing financial statements and projections and by comparing financial results to pre-established benchmarks. While the Board participates in the budget adoption process and receives staff prepared financial statements, these only partially fulfill the monitoring function.

We recommend that the governing body articulate their monitoring practices and record in the minutes when those activities occur.

Since monitoring activities, including benchmarking, are unique to each entity we are available to assist the governing body in establishing checklists, questions and benchmarks that are customized for your use.

2. Fidelity Insurance Coverage

In reviewing fidelity insurance coverage we noticed that the City often carries cash and investment balances in excess of the insurance coverage amount. We recommend that Board of Directors examine this exposure risk and make a determination as to the amount of insurance coverage they feel is prudent in regard to their oversight.

This communication is intended solely for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.


PAULY, ROGERS AND CO., P.C.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



**12700 SW 72nd Ave.
Tigard, OR 97223**

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

For the Year Ended June 30, 2012

COMPONENT UNIT

ANNUAL FINANCIAL REPORT

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

BOARD OF DIRECTORS

Don Hurd, Chair

Carolyn Decker, Vice Chair

Dave Schrom

Lynda Casey

Alene Allen

John Sandusky

Cheryl Davy

All Commissioners receive mail at the address below.

AGENCY ADMINISTRATION

Paul Wyntergreen, City Administrator
Debbi Reeves, Executive Assistant

210 Laurel Ave.
Tillamook, Oregon 97141

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

December 7, 2012

To the Board of Directors
Tillamook Urban Renewal Agency
Tillamook, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Tillamook Urban Renewal Agency (a component unit of the City of Tillamook, OR) as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

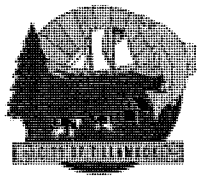
As discussed in Note 1, Tillamook Urban Renewal Agency prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Tillamook Urban Renewal Agency as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis, as listed in the table of contents, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on Management's Discussion and Analysis, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.


PAULY, ROGERS AND CO., P.C.



**Tillamook Urban Renewal Agency
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Management's Discussion and Analysis 2011-2012

The management of the Tillamook Urban Renewal Agency (TURA) offers readers of the Tillamook Urban Renewal Agency's financial statements this narrative overview and analysis of the financial activities of TURA for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements that follow.

Financial Highlights

The net liabilities of the TURA exceeded its assets at the close of the most recent fiscal year by \$665,857. In 2012 the agency took out a 12 year \$1.5 million loan for a major road improvement project and consolidation of existing debt. As of the close of the fiscal year, TURA's governmental funds reported combined ending fund balances of \$394,790. For FY 2011-2012 TURA continued to utilize the modified cash basis of accounting.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to TURA's basic financial statements. The statements are comprised of government-wide financial statements, fund financial statements, notes to the basic financial statements, and other pertinent financial information.

Government-wide financial statements:

The government-wide financial statements are designed to provide readers with a broad overview of TURA's finances.

The statement of net assets presents information on all of TURA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the financial position of TURA.

The statement of activities presents information showing how the agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. TURA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of TURA are categorized as governmental funds.

Governmental funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of receipts, disbursements, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

TURA maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of receipts, disbursements, and changes in fund balances for the General fund and the Debt Service fund also known as the Tax Increment Fund. The details of the funds are presented in the Required Supplementary Data section of these financial statements.

Notes to the Basic Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

Net liabilities may serve over time as a useful indicator of a government's financial position. In the case of TURA, liabilities exceed assets by \$665,857 at the close of the most recent fiscal year.

The following summary is a comparison between the Agency's net assets at the end of this fiscal year as compared to the end of the last fiscal year:

SUMMARY OF NET ASSETS		
	2011	2012
Cash and Cash Equivalents	186,795	394,790
Notes Receivable		31,839
Other assets	342,851	410,493
Total Assets	529,646	837,122
Other liabilities	512,094	1,502,979
Total liabilities	512,094	1,502,979
Net assets:		
Invested in capital assets, net of related debt	288,131	410,493
Unrestricted	(270,579)	(1,076,350)
Total net assets	17,552	(665,857)

Since urban renewal agencies are a debt-based structure to begin with this is actually an expected phenomenon in the first half of an agency's life.

Governmental activities:

There were several governmental activities that affected TURA's net assets this year. The agency funded several projects in Tillamook for approximately \$933,926. The agency teamed with Tillamook County and City of Tillamook to begin major improvements to a portion of 3rd Street which is an integral road in the city limits. TURA's costs for the improvements for 2011-2012 were \$806,996. The cost for the completion of the 1st Street Parking Lot was \$68,731. There were several other small projects completed done which included façade grants and beautification.

The agency incurred a \$1,500,000 long term loan to finance the major road improvement project and to consolidate all other existing debt.

Governmental Activities			
	2011		2012
RECEIPTS			
General Revenue			
Taxes	213,518		238,728
Interest and Investment Earnings	956		1,046
Total Receipts	214,474		239,774
DISBURSEMENTS			
Programs	338,335		981,248
Total Disbursements	338,335		981,248
Change in Net Assets	(123,861)		(741,474)
Beginning Net Assets	141,413		17,552
Prior Period Adjustment	-		58,065
Ending Net Assets	17,552		(665,857)

Financial Analysis of the Agency's Funds

Governmental funds:

The focus of the Tillamook Urban Renewal Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Tillamook Urban Renewal Agency's financing requirements. In particular, unreserved fund balance may serve as useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Tillamook Urban Renewal Agency's governmental funds reported combined ending fund balances of \$394,790. Approximately 58% percent of this total amount, \$229,663 constitutes the General Fund balance. The remainder of the fund balance constitutes the Debt Service Fund balance.

Budgetary Highlights

The Agency Board approved one (1) Supplemental Budgets for Fiscal Year 2011-2012. The Supplemental Budget was done on April 11, 2012 to offset additional monetary requirements due to the long term loan. The General Fund Resource and Requirements were revised to \$2,033,000 and the Tax Increment Fund Resources and Requirements were revised to \$839,045 for debt consolidation payments.

Capital Asset and Debt Administration

Capital assets:

The Tillamook Urban Renewal Agency's did not have any capital asset purchases in 2011-2012. The Tillamook Urban Renewal Agency owns one property which is the parking lot located on 1st Street in Tillamook, Oregon.

On June 18, 2012 TURA completed a substantial amendment to the Plan. The Report on the Plan explained and justified the substantial amendment which increased the maximum indebtedness of the agency extending the life of the Plan by one year to FY 2032, changed the district boundary by removing and adding parcels to increase the total acreage to 276.15 acres, and revising the proposed project list.

The governmental activities of TURA include proposed projects described in the following table:

Projects	Project Estimate
3rd Street Project Phase I	\$1,000,000
Administration	\$1,250,000
Technical, Architectural, Zoning	\$100,000
Facades and Signs	\$600,000
City Shops	\$300,000
Town Center Improvements	\$400,000
Alley Improvements	\$50,000
Visitor Sign and Parking Area Signs	\$100,000
Property Acquisition	\$500,000
Public Parking	\$400,000
Goodspeed Park RR	\$300,000
Streetscapes	\$250,000
Janac/IOOF Bldg. 2nd Floor	\$300,000
City Hall Improvements	\$200,000
3rd Street Phase II	\$400,000
Safeway Site	\$200,000
Sue H Elmore Park	\$200,000
Goodspeed Park	\$300,000
Hoquarton Trail Park	\$100,000
Liberty School Sidewalks	\$200,000
Meadow Area Sidewalks	\$200,000
Street/Sidewalk Main & Pacific 4th to 12th	\$200,000
Street/Sidewalk 1st to 5th	\$200,000
Street/Sidewalk 3rd to Trask River Bridge	\$200,000
Stormwater Upgrades	\$300,000
City CIP Water Line	\$385,000
City CIP Wastewater Line	\$400,000
12th St Sewer Line Extension	\$500,000
Holden Creek	\$200,000
City Gateway and Entrance	\$200,000
Assistance Utilities and Infrastructure	\$150,000
Financing Costs	\$10,000
Total	\$10,095,000

Short/Long-term debt:

At the end of the fiscal year, the Tillamook Urban Renewal Agency had total long term debt outstanding of \$1,500,000.

Economic Factors:

The work of the TURA in investing in significant capital outlay such as 3rd Street arterial are staging the city's commercial and industrial areas to be in the best position to succeed in the changing economic circumstances now that the recession has ended.

Next year's Budgets and Rates:

The following information is taken from the 2012-2013 TURA budget packet of May 15, 2012:

Tillamook Urban Renewal Agency 2012-2013 Budget Message

For fiscal year 2012-2013, we have trended the prior year's revenues in order to project in the anticipated tax revenue for this budget cycle. We are holding on a conservative level, though prior year's tax collection have been 90% plus.


With the consolidated payoff of all loans with TLC Credit Union earlier this year, the lines in the TIF account have been zeroed and the one remaining debt payment will be on the new loan with Columbia State Bank.

The General Fund is showing a considerable carry-over balance as this fund holds on deposit approximately \$200,000 from the recent loan with Columbia State Bank. There may also be a return from ODOT on the 3rd Street Enhancement Project for an over-payment on the initial match, should the project costs come in lower than expected. This is also reflected in the General Fund Resources.

Materials and Services are in alignment with city IGA costs and without the consulting fees that were included last year for the Plan Amendment. The Plan Amendment is now in the final stages and the balance of those costs should be paid out before July 1, 2012 and are subtracted from the carry-over balance figure. Financial Service has been increased to reflect the accounting services for the full year. Outside accounting services are costing the agency approximately \$9,000 per year. The balance in that line is for audit costs.

The General Fund Unappropriated Ending Fund Balance has been set at 10%.

Requests for information. This financial report is designed to provide a general overview of the Tillamook Urban Renewal Agency's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tillamook Urban Renewal Agency, attention Don Hurd, Chairman or Debbi Reeves, Executive Assistant or Paul Wyntergreen, City Manager at: 210 Laurel Avenue, Tillamook, Oregon 97141.



Prepared by Debbi Reeves
Tillamook Urban Renewal Agency
Executive Assistant

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**TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON
BASIC FINANCIAL STATEMENTS**

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

STATEMENT OF NET ASSETS (Modified Cash Basis)
June 30, 2012

ASSETS

Cash and cash equivalents	\$ 394,790
Notes receivable	31,839
Capital Assets, net of accumulated depreciation	<u>410,493</u>
Total Assets	<u>837,122</u>

LIABILITIES:

Accrued Interest	2,979
Noncurrent Liabilities	
Due within one year	87,428
Due in more than one year	<u>1,412,572</u>
Total Liabilities	<u>1,502,979</u>

NET ASSETS:

Invested in capital assets, net of related debt	410,493
Unrestricted	<u>(1,076,350)</u>
Total Net Assets	<u>\$ (665,857)</u>

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

STATEMENT OF ACTIVITIES (Modified Cash Basis)
For the Year Ended June 30, 2012

FUNCTIONS	DISBURSEMENTS	FUNCTION RECEIPTS		NET (DISBURSEMENT) RECEIPT AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Governmental activities				
Support Services	\$ 934,977	\$ -	\$ -	\$ (934,977)
Interest on Long-Term Debt	46,271	-	-	(46,271)
Total Governmental Activities	<u>\$ 981,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(981,248)</u>
	General Receipts			
	Property Taxes			238,728
	Investment earnings			<u>1,046</u>
	Total General Receipts			<u>239,774</u>
	Changes in Net Assets			(741,474)
	Net Assets - Beginning			17,552
	Prior Period Adjustment			<u>58,065</u>
	Net Assets - Ending			<u>\$ (665,857)</u>

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS (Modified Cash Basis)
June 30, 2012

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL
ASSETS:			
Cash & cash equivalents	\$ 261,699	\$ 133,091	\$ 394,790
Interfund Receivables	-	32,036	32,036
Total Assets	<u>\$ 261,699</u>	<u>\$ 165,127</u>	<u>\$ 426,826</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Interfund Payables	\$ 32,036	\$ -	\$ 32,036
Total Liabilities	<u>32,036</u>	<u>-</u>	<u>32,036</u>
Fund Balances:			
Assigned	-	165,127	165,127
Unassigned	<u>229,663</u>	<u>-</u>	<u>229,663</u>
Total Fund Balances	<u>229,663</u>	<u>165,127</u>	<u>394,790</u>
Total Liabilities and Fund Balances	<u>\$ 261,699</u>	<u>\$ 165,127</u>	<u>\$ 426,826</u>

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET ASSETS
JUNE 30, 2012

Total Fund Balances - Governmental Funds		\$	394,790
Note Receivable used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Note receivable			31,839
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			
Land & Land Improvements			410,493
Long-term liabilities applicable to the Agency's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.			
Loans Payable	\$	(1,500,000)	
Accrued interest		<u>(2,979)</u>	<u>(1,502,979)</u>
Total Net Assets		\$	<u><u>(665,857)</u></u>

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (Modified Cash Basis)
For the Year Ended June 30, 2012

	GENERAL FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL
RECEIPTS:			
Taxes	\$ -	\$ 238,728	\$ 238,728
Loan Repayments	22,881	-	22,881
Interest on Investments	502	544	1,046
Total Receipts	23,383	239,272	262,655
DISBURSEMENTS:			
Materials and Services	69,954	-	69,954
Debt service	-	684,635	684,635
Capital Outlay	933,926	-	933,926
Total Disbursements	1,003,880	684,635	1,688,515
Excess of Receipts, Over (Under) Disbursements	(980,497)	(445,363)	(1,425,860)
Other Financing Sources, (Uses)			
Transfers In	-	561,545	561,545
Transfers Out	(561,545)	-	(561,545)
Loan Proceeds	1,633,855	-	1,633,855
Total Other Financing Sources (Uses)	1,072,310	561,545	1,633,855
Net Change in Fund Balance	91,813	116,182	207,995
Beginning Fund Balance	137,850	48,945	186,795
Ending Fund Balance	\$ 229,663	\$ 165,127	\$ 394,790

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

RECONCILIATION OF STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Total Net Changes in Fund Balances - Governmental Funds		\$ 207,995
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Land & Land Improvement Additions	\$ 68,731	
Depreciation Expense	<u>(4,434)</u>	64,297
Note Receivable used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Note		(22,881)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of long-term debt principal consumes current financial resources of governmental funds. However, neither transaction has any effect on net assets. This amount is the net effect of these differences.		
Long-term debt principal repaid	\$ 634,909	
Loan Proceeds	<u>(1,629,249)</u>	(994,340)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This adjustment combines the net changes in deferred taxes between years.		
Property Taxes		
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		<u>3,455</u>
Change in Net Assets		<u><u>\$ (741,474)</u></u>

See accompanying notes to basic financial statements

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Agency considers the use of this basis to be an appropriate reflection of the Agency's financial status and results of operations. The more significant accounting policies are described below.

A. DESCRIPTION OF THE REPORTING ENTITY

The Tillamook Urban Renewal Agency (Agency) was formed July 2006, under the provisions of the Oregon Revised Statutes (ORS). The Board consists of seven members appointed by the Mayor with the approval of the majority of the City Council.

Financial accountability is determined in accordance with criteria set forth in generally accepted accounting principles (GAAP), primarily on the basis of authority to appoint a voting majority of an organization's governing board, ability to impose its will on that organization, the potential for that organization to provide specific benefits or impose specific financial burdens and that organization's fiscal dependency. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 39, are separate organizations that are included in the Agency's reporting entity because of the significance of their operational or financial relationships with the Agency. All significant activities and organizations with which the Agency exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units. The Agency is a component unit of the City of Tillamook and, as such, is included in the financial statements of the City of Tillamook for the year ended June 30, 2012.

B. BASIS OF PRESENTATION

The cash basis of accounting is followed with certain modifications. Under the cash basis receipts are recorded when received and disbursements are recorded as paid. The following are the modifications to cash basis of accounting: notes receivable are included in the fund statements as receipts when received and in the government-wide statements as a reduction to notes receivable and an increase in cash when received, capital assets are expensed when acquired in the fund statements, but accounted for as an asset in the government-wide statements, debt proceeds are included in the fund statements as receipts and payments are recorded as disbursements, but are accounted for as increases and decreases to debt in the government-wide statements, and interest is accrued in the government-wide statements. Accordingly, there are reconciling statements between the government-wide and governmental statements.

This basis of accounting is not equivalent to accounting principles generally accepted in the United States of America (GAAP) under which revenues are recorded when they become susceptible to accrual (i.e. when they become measurable and available) and expenses are recorded as goods and services when received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets are capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded as incurred. Management believes the modified cash basis of accounting is preferable due to its size and the necessity of assessing available cash resources. The modified cash basis of accounting is allowed under Oregon Local Budget Law.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using all funds. There are two funds which are considered “major funds” in accordance with GASB 34.

General receipts are from property and related taxes, and interest. All disbursements are categorized as program disbursements and interest on long-term debt.

FUND ACCOUNTING

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified cash basis of accounting. Under the modified cash basis, receipts are recorded when received and disbursements are recorded as paid.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as receipts of the current period. All other receipt items are considered to be measurable and available only when cash is received.

There are the following major governmental funds:

General Fund

This fund accounts for all financial receipts and disbursements, except those required to be accounted for in another fund. The principal receipt sources are property taxes and interest receipts.

Debt Service Fund

This fund accounts for the payments on the debt obligations arising from the projects.

C. BUDGETS

A budget is prepared for the governmental funds in accordance with the legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The budget may be amended prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30. The budgetary statements are presented on the cash basis of accounting.

The expenditure budgets are appropriated at the following levels:

LEVEL OF CONTROL

Materials and Services
Capital Outlay
Debt Service

Operating Contingency
Transfers Out

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETS (CONTINUED)

Disbursements cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements and required supplementary data, reflect the final budget amounts. Disbursements in all funds were within authorized appropriations.

D. PROPERTY TAXES

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15, and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

E. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

F. RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending and borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to \ from other funds".

G. NET ASSETS

Net assets comprise the various net earnings from operations, nonoperating receipts, disbursements and contributions of capital. Net assets are classified in the following three categories:

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other assets that are not included in the other categories previously mentioned.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. FUND EQUITY

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portion of ending fund balance as Assigned is granted to the City Manager and the manager's assistant.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

At June 30, 2012, there were no nonspendable, restricted or committed fund balances.

The following is the order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order is committed, assigned, and unassigned.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS

State statutes govern the cash management policies. Statutes authorize investment in bankers acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments.

Cash and Investments (recorded at cost) consisted of:

Deposits With Financial Institutions:

Demand Deposits	\$ 245,822
Investments	148,968
	<u>\$ 394,790</u>

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$247,443, all of which was covered by federal depository insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

INVESTMENTS

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The fair value of the investment Pool at June 30, 2012 was approximate of the value of the shares in the pools reported value. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Investments on June 30, 2012 consist of the following:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
State Treasurer's Investment Pool	\$ 148,968	\$ 148,968	\$ -	\$ -
Total	<u>\$ 148,968</u>	<u>\$ 148,968</u>	<u>\$ -</u>	<u>\$ -</u>

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2012, none of the bank balance of \$247,443 was exposed to custodial credit risk because it was fully insured.

Credit Risk – Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2012, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in State Treasurer's Investment Pool.

3. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Agency is covered by The City of Tillamook's commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for and of the past three fiscal years.

4. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State to minimize the impact to school districts from the impact of the tax cuts.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

5. LONG-TERM DEBT

In 2010, a combination of five loans totaling \$406,414, with stated interest rates between 3.5-5.5%, were received from TLC Federal Credit Union for the purpose of financing costs of urban renewal projects within the area. In 2011, three of the loans were refinanced into a single loan and two loans were received, with stated interest rates of 4.5% and 4.8%. All of the loans and lines of credit that were held at TLC Credit Union were paid off in March, when the URA received a \$1.5M loan from Columbia State Bank with an interest rate of 3.75%. The Columbia State bank loan was received for the purpose of financing costs of urban renewal projects with in the area.

	Interest Rates	Balance 07/1/11	Additions	Reductions	Balance 06/30/12	Due Within One Year
Loan Series 2012	3.75%	-	1,500,000	-	1,500,000	87,428
TLC TURA Loan #145	5.5%	110,791	822	111,613	-	
TLC TURA Loan #148	4.8%	197,467	84,562	282,029	-	
TLC TURA Loan #149	4.5%	164,532	1,117	165,649	-	
TLC TURA Loan #151	4.5%	32,870	42,747	75,617	-	
Total Short-term Liabilities		<u>\$ 505,660</u>	<u>\$ 1,629,248</u>	<u>\$ 634,908</u>	<u>\$ 1,500,000</u>	<u>\$ 87,428</u>

Annual debt service requirements to maturity for long-term debt are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2013	\$ 87,428	\$ 72,500
2014	295,707	49,128
2015	94,109	41,882
2016	97,638	38,353
2017	101,299	34,692
2018-2022	566,406	113,549
2023-2024	257,413	14,568
	<u>\$ 1,500,000</u>	<u>\$ 364,672</u>

6. NOTES RECEIVABLE

The note receivable is due from the owner of Superior Standard Construction, Inc. for the revitalization of a building located on the corner of 2nd and Main in Tillamook. The original amount of this loan was \$58,720. The full amount of this loan is deemed collectible by management, thus no allowance for uncollectible accounts has been established. The loan has an interest rate of 5.50% and payments of principal and interest are due every month. As of June 30, 2012 the total amount the of note receivable was \$31,839. The following is a schedule of the loan receivable:

Note Receivable #147	<u>\$ 31,839</u>
	<u>\$ 31,839</u>

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

7. CAPITAL ASSETS

The changes in capital assets for the fiscal year ended June 30, 2012 are as follows:

	Governmental Capital Assets 7/1/2011	Adjustments	Additions	Deletions	Governmental Capital Assets 6/30/2012
Capital assets					
Non depreciable:					
Land	\$ 288,131	\$ 15,951	\$ -	\$ -	\$ 304,082
Total	<u>288,131</u>	<u>15,951</u>	<u>-</u>	<u>-</u>	<u>304,082</u>
Depreciable:					
Improvements other than buildings	-	42,114	68,731	-	110,845
Total	<u>-</u>	<u>42,114</u>	<u>68,731</u>	<u>-</u>	<u>110,845</u>
Less: Accumulated Depreciation	-	-	4,434	-	4,434
Total depreciable capital assets, net	<u>-</u>				<u>106,411</u>
Total capital assets, net	<u>\$ 288,131</u>				<u>\$ 410,493</u>

Current year capital outlay of \$933,926 included \$68,731 incurred to construct the 1st Street parking lot. The remainder was not capitalized as these expenditures do not reflect purchases of capital assets that the Tillamook City Urban Renewal District retains an ownership interest in. These expenditures are matching grants for property owners and business owners to assist with restoration or remodeling of their property which is consistent with the mission of the Tillamook City Urban Renewal District.

8. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$58,065 was necessary in order to correctly capitalize capital costs for the purpose of the government wide statements that were incorrectly expensed in prior years.

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

	<u>GENERAL FUND</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Interest on investments	\$ 500	\$ 500	\$ 502	\$ 2
Loan Repayment	12,000	12,000	22,881	10,881
Late Charges and Fees	1,500	1,500	-	(1,500)
Total Receipts	14,000	14,000	23,383	9,383
DISBURSEMENTS:				
Materials & services	88,395	183,065 (1)	69,954	113,111
Capital Outlay	539,000	1,885,180 (1)	933,926	951,254
Contingencies	30,605	30,605 (1)	-	30,605
Total Disbursements	658,000	2,098,850	1,003,880	1,094,970
Excess of Receipts, Over (Under) Disbursements	(644,000)	(2,084,850)	(980,497)	1,104,353
Other Financing Sources, (Uses)				
Transfers out	-	(561,545) (1)	(561,545)	-
Future Loan Proceeds	125,000	1,625,000	-	(1,625,000)
Loan Proceeds	379,000	379,000	1,633,855	1,254,855
Net Change in Fund Balance	(140,000)	(642,395)	91,813	- 734,208
Beginning Fund Balance	140,000	140,000	137,850	(2,150)
Ending Fund Balance	\$ -	\$ (502,395)	\$ 229,663	\$ 732,058

(1) Appropriation Level

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2012

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
RECEIPTS:				
Property Taxes	\$ -	\$ -	\$ 238,728	\$ 238,728
Interest Earned	-	-	544	544
Total Receipts	-	-	239,272	239,272
DISBURSEMENTS:				
Debt Service	-	803,095 (1)	684,635	118,460
Total Disbursements	-	803,095 (1)	684,635	118,460
Excess of Revenues Over, (Under) Expenditures	-	(803,095)	(445,363)	357,732
Other Financing Sources, (Uses)				
Transfer In	-	561,545	561,545	-
Total Other Financing Sources, (Uses)	-	561,545	561,545	-
Net Change in Fund Balance	-	(241,550)	116,182	357,732
Beginning Fund Balance	-	-	48,945	48,945
Ending Fund Balance	<u>\$ -</u>	<u>\$ (241,550)</u>	<u>\$ 165,127</u>	<u>\$ 406,677</u>

(1) Appropriation Level

TILLAMOOK URBAN RENEWAL AGENCY

TILLAMOOK COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/12
Current:						
2011-2012	\$ 245,552	\$ 5,815	\$ (324)	\$ 193	\$ 229,113	\$ 10,493
Prior Years:						
2010-2011	10,335	(0)	(479)	469	5,432	4,894
2009-2010	4,785	(0)	(393)	388	1,854	2,926
2008-2009	2,183	(0)	(464)	460	1,389	790
2007-2008	396	0	(118)	117	297	97
Total Prior	17,699	(0)	(1,454)	1,435	8,972	7,273
Total	\$ 263,251	\$ 5,815	\$ (1,778)	\$ 1,628	\$ 238,086	\$ 19,200

RECONCILIATION OF REVENUE:

	Revenue
Cash Collection by County Treasurer Above	238,086
Taxes in Lieu	642
Total Fund Collections per Financial Statements	\$ 238,728

TILLAMOOK URBAN RENEWAL AGENCY
TILLAMOOK COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

December 7, 2012

Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the Tillamook Urban Renewal Agency as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Tillamook Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Authorized investment of surplus funds (ORS Chapter 294).**

In connection with our testing nothing came to our attention that caused us to believe the Tillamook Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except for the following:

1. Both the General Fund and the Debt Services Fund were budgeted for a negative ending fund balance.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal controls over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal controls over financial reporting.

This report is intended solely for the information and use of the Board Members and management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.


PAULY, ROGERS AND CO., P.C.

FIRST LOAN AGREEMENT AND NOTE

This FIRST LOAN AGREEMENT ("Agreement") is made and entered into the last date set forth below by Pelican Brewing Company, an Oregon corporation ("PBC"), and the Tillamook Urban Renewal Agency ("TURA"), a public body corporate and politic, ~~organized~~ **activated** by the City of Tillamook, Oregon, and existing under and by virtue of the laws of the State of Oregon.

Recitals

- A. In connection with PBC's renovation of the building and improvements located at 4 Stillwell Ave., Tillamook, Oregon (the "Building"), TURA has agreed, subject to the terms and conditions of this Agreement, to provide PBC with a loan in the principal amount of \$100,000 (the "Loan") to be used exclusively to renovate the Building for use as a production brewery and tasting room by PBC.
- B. PBC occupies the Building pursuant to a Lease entered into effective March 1, 2013, between PBC and Starr Distributors, Inc.
- C. TURA has reviewed the Lease and is satisfied that nothing in the Lease affects TURA's rights or PBC's obligations under this Agreement.

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Agreements

NOW, THEREFORE, PBC and TURA, in consideration of the mutual promises herein contained, and intending to be legally bound hereby, covenant and agree as follows:

SECTION 1. Loan; Promise to Pay.

- (a) TURA agrees to make the Loan to PBC. ~~The Loan shall be disbursed in accordance with the procedures and conditions set forth in Section 2.~~
- (b) PBC promises to pay to TURA the principal amount of \$100,000, together with interest at the rate of five percent (5%) per annum on the unpaid balance, in regular monthly installments of not less than \$790.79, with the first payment due on August 1, 2013 and subsequent payments due on the same day of each following month until July 1, 2023, at which time the unpaid principal amount together with accrued interest is due in its entirety. **Interest will be calculated from the date of each fund disbursement. On or before July 15, 2013, TURA will provide an amortization schedule to PCB which includes the requirements of this Section 1. ~~The Loan shall be disbursed in accordance with the procedures and conditions set forth in Section 2.~~**

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SECTION 2. Disbursement. The following provisions shall be applicable with respect to disbursement of the Loan:

(a) The ~~building~~-Building renovation costs set forth in the attached Schedule 2(a), incorporated herein by reference, provides a summary description of the costs of renovating the Building as well as itemizes that portion of the renovation costs to be financed by TURA (the "TURA Financing");

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(b) PBC will submit itemized progress billings to TURA on or before the 25th day of each month for work to be completed on the Brewery through the 30th day of that month. Each progress billing shall include or have attached the following:

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(i) A percentage completion of the work on each line item set forth in Schedule 2(a) allocated for TURA Financing;

(ii) Copies of all applicable subcontractor and/or material invoices; and

(iii) A 10% general contractor fee, ~~calculated on the amount of the progress billing, excluding the general contractor fee.~~

(c) Within ten (10) days after submission of the progress billing by PBC, an inspection shall be made by a representative of TURA and if:

(i) ~~P~~progress has been made on the ~~Brewery~~-renovation of the Building in accordance with the progress billing submitted by PBC,

(ii) TURA's Contract Committee is reasonably satisfied with the progress billing and its attachments;

(iii) No default has occurred and is continuing under this Agreement or the Lease; and

(iv) The general contractor and all subcontractors shall have been paid for amounts covered by prior progress billings, then

the progress billing shall be paid by TURA to the general contractor by the 2nd Thursday of the month following the month in which the progress billing was submitted by PBC.

(d) ~~Except for additional funds that TURA may provide pursuant to the Second Loan Agreement executed by PBC and TURA as of the same date as this Agreement, PBC will provide all funds to cover costs of the Building renovation identified in Schedule 2(a) as "Other" and all~~

additional costs incurred in the Building renovation as a result of cost overruns or unanticipated expenses in the Building renovation.

SECTION 3. Publicity. TURA's assistance and the Building's location in the City of Tillamook, until the Loan is paid in full, shall be noted legibly, as follows:

- (a) On PBC's website; and
- (b) On PBC's sales materials and menus used in the tasting room at the production brewery; and
- (c) On some non-facility sales materials; ~~if~~ as deemed appropriate by PBC's sales and marketing manager.

SECTION 4. Representations and Warranties. To induce TURA to enter into this Agreement to make the Loan, PBC represents and warrants as follows:

- (a) PBC is a corporation duly organized and validly existing and in good standing under the laws of the State of Oregon;
- (b) PBC has all necessary corporate power and authority to carry on its business as now being conducted, and to carry out the transactions contemplated by this Agreement;
- (c) The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of PBC;
- (d) This Agreement being executed and delivered by PBC constitutes a valid and legally binding obligation of PBC, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other substantially similar laws of general application relating to or affecting the enforcement of creditors' rights or by general principles of equity.
- (e) The Building renovation is in compliance with all applicable local, state and federal land use and permit requirements.
- (f) The Building renovation includes adding or retaining Building accessibility to the handicapped by compliance with the standards of 41 CFR, Part 101.
- (g) PBC shall not discriminate against any employee or against any applicant for employment because of sex, race, age, religion, color, physical handicap, national origin or marital status. Such provisions shall include but not be limited to the following: employment, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

- (h) PBC agrees that no officer or employee of TURA who exercises any functions or responsibilities with respect to the loan made to PBC during his or her tenure and one year thereafter, shall benefit in any way from this Loan. Prohibited benefits include employment, payment of any kind, or any interest in the PBC entity.
- (i) All contractors and subcontractors used in the Building renovation shall be licensed.

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SECTION 5. Liability and Indemnity.

PBC waives and relinquishes all claims, demands, and liabilities, past, present or future, of any nature against all officers, directors, members, agents and employees of TURA ("Indemnified Person") arising from, related to or connected with the Loan and agrees to indemnify and hold harmless each Indemnified Person from and against all claims, demands, and liabilities arising from, related to or connected with the Loan or the use, occupation, or implementation of the Building.

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SECTION 6. Default. At the option of TURA, TURA may demand payment of all obligations hereunder, all of which shall be deemed to have become immediately due and payable upon the occurrence of any of the following events (the "Events of Default"):

- (a) PBC fails to make any payment required by this Agreement within ~~thirty-ten~~ (30) days after the payment is due;
- (b) PBC materially breaches any provision of this Agreement, ~~other than a requirement to pay money~~, and fails to cure the breach within thirty (30) days after TURA notifies PBC of the breach;
- (c) PBC voluntarily dissolves or ceases to exist, or any final and non-appealable order or judgment is entered against PBC ordering its dissolution;
- (d) PBC fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay PBC's debts as they become due, or makes a general assignment for the benefit of creditors;
- (e) PBC is in default of the terms of the Lease, including failure to make any payments due under the Lease, including but not limited to rent, insurance, utilities or taxes and fails to cure the default according to the Lease terms; and
- (fe) A proceeding with respect to PBC is commenced under any applicable law for the benefit of creditors, including but not limited to any bankruptcy or insolvency law, or an order for the appointment of a

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receiver, liquidator, trustee, custodian, or other officer having similar powers over PBC is entered.

SECTION 67. Waiver. PBC hereby waives demand, presentment for payment, protest, notice of protest and notice of nonpayment, and all pleas of division and discussion. PBC additionally agrees that TURA's acceptance of payment other than in accordance with the terms of this Agreement, or TURA's subsequent agreement to extend or modify such repayment terms, or TURA's failure or delay in exercising any rights or remedies granted to TURA, shall likewise not have the effect of releasing PBC from its obligations to TURA. Any partial exercise of any rights and/or remedies granted to TURA shall furthermore not be construed as a waiver of any other rights and remedies; it being PBC's intent and agreement that TURA's rights and remedies shall be cumulative in nature. PBC further agrees that, should any default event occur or exist under this Agreement, any waiver or forbearance on the part of TURA to pursue the rights and remedies available to TURA, shall be binding upon TURA only to the extent that TURA specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of TURA as to one default event shall not be construed as a waiver or forbearance as to any other default. Failure to pay in full any payment timely when due under this Agreement will remain and shall constitute a default event hereunder until such a payment is made by the PBC and accepted by TURA.

SECTION 78. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be either (a) personally delivered, (b) sent by electronic mail, or (c) mailed by certified mail, return receipt requested, postage prepaid, and addressed to the principal office of the parties as follows:

PBC:

Pelican Brewing Company.
Attn: Mary J. Jones, President

9005 Nestucca Ridge Rd.
Pacific City, OR 97135
Email: maryjjones@nestuccaridge.com

TURA:

Tillamook Urban Renewal Agency
Attn: ~~Name~~Carolyn H. Decker

[Address]
Email:

All notices shall be deemed to be given on the earlier of (i) the date actually delivered, (ii) the date the electronic mail was transmitted and receipt confirmed, or (iii) the expiration of the second day after the date of certification of mailing. The addresses to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party as provided herein.

SECTION 89. Governing Law; Venue. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts

located in Tillamook County, Oregon, ~~or in the case of federal court, located in Portland, Oregon.~~ TURA and PBC consent and submit to the jurisdiction of any local, ~~or state, or federal~~ court located in Tillamook County, Oregon, ~~or in the case of federal court, located in Portland, Oregon.~~

SECTION ~~9~~10. Attorneys' Fees. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

SECTION ~~10~~11. Binding Effect. This Agreement shall be binding upon and inure to the benefit of TURA and PBC and their heirs, personal representatives, successors, and assigns.

SECTION ~~11~~12. Severability. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

SECTION ~~12~~13. Time of the Essence. Time is of the essence with respect to all dates and time periods in this Agreement.

PBC:

Pelican Brewing Company

By: _____
Mary J. Jones,
President

Date: _____, 2013

TURA:

Tillamook Urban Renewal Agency

By: _____
[Name]

Date: _____, 2013

Personal Guaranty. Jeff Schons and Mary J. Jones, officers of PBC, each jointly and severally guarantees repayment of the Second Loan in accordance with the terms of this Agreement.

Mary J. Jones, Personally

Jeff Schons, Personally

FIRST-SECOND LOAN AGREEMENT AND NOTE

This ~~FIRST-SECOND~~ LOAN AGREEMENT (“Agreement”) is made and entered into the last date set forth below by Pelican Brewing Company, an Oregon corporation (“PBC”), and the Tillamook Urban Renewal Agency (“TURA”), a public body corporate and politic, ~~organized-activated~~ by the City of Tillamook, Oregon, and existing under and by virtue of the laws of the State of Oregon.

Recitals

- A. On even date herewith, PBC and TURA entered into a Loan Agreement whereby TURA agreed to provide PBC with a loan in the principal amount of \$100,000 (the “First Loan”) to be used exclusively to defray a portion of PBC’s costs associated with renovation of the building and improvements located at 4 Stillwell Ave, Tillamook, Oregon (the “Building”) for use as a brewery and tasting room by PBC.
- B. PBC has asked TURA, upon the disbursement to PBC of the full \$100,000 pursuant to the terms and conditions of the First Loan, to provide PBC with an additional loan in the principal amount of \$100,000 (the “Second Loan”) to be used exclusively to defray a portion of PBC’s costs associated with completing the renovation of the Building.
- C. PBC occupies the Building pursuant to a Lease entered into effective March 1, 2013, between PBC and Starr Distributors, Inc.
- D. TURA has reviewed the Lease and is satisfied that nothing in the Lease affects TURA’s rights or PBC’s obligations under this Agreement.

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Agreements

NOW, THEREFORE, PBC and TURA, in consideration of the mutual promises herein contained, and intending to be legally bound hereby, covenant and agree as follows:

SECTION 1. Loan; Promise to Pay.

- (a) TURA agrees, upon disbursement of the First Loan and satisfactory progress on the Building renovation to make the Second Loan to PBC. The Second Loan shall be disbursed in accordance with the procedures and conditions set forth in Section 23.
- (b) PBC promises to pay to TURA as follows: according to Section 4 below.

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~~(a) In the event PBC fails to meet, on or before December 31, 2013, the 2013 Labor Retention Goal set forth in *Schedule 1(a)*, incorporated herein by reference, PBC will pay to TURA the principal amount of \$33,333.33, together with interest at the rate of five (5%) percent per annum on the unpaid balance from the date of the first disbursement of the Second Loan, in regular monthly installments of not less than \$353.55, with the first payment due on February 1, 2014 and subsequent payments due on the same day of each following month until January 31, 2024, at which time the unpaid principal amount together with accrued interest is due in its entirety. In the event PBC meets the 2013 Labor Retention Goal, the principal amount of \$33,333.33 plus interest accrued through December 31, 2013, shall be forgiven by TURA in full settlement, payment and satisfaction thereof;—~~

~~(b)–~~

~~(c) (b) In the event PBC fails to meet, on or before December 31, 2014, the 2014 Labor Retention Goal set forth in *Schedule 1(b)*, incorporated herein by reference, PBC will pay to TURA the principal amount of \$33,333.33, together with interest at the rate of five percent (5%) per annum on the unpaid balance from the date of the first disbursement of the Second Loan, in regular monthly installments of not less than \$353.55, with the first payment due on February 1, 2015 and subsequent payments due on the same day of each following month until January 31, 2025, at which time the unpaid principal amount together with accrued interest is due in its entirety. In the event PBC meets the 2014 Labor Retention Goal, the principal amount of \$33,333.33 plus interest accrued through December 31, 2014, shall be forgiven by TURA in full settlement, payment and satisfaction thereof; and—~~

~~(d)–~~

~~(e) In the event PBC fails to meet, on or before December 31, 2015, the 2015 Labor Retention Goal set forth in *Schedule 1(c)*, incorporated herein by reference, PBC will pay to TURA the principal amount of \$33,333.34, together with interest at the rate of five percent (5%) per annum on the unpaid balance from the date of the first disbursement of the Second Loan, in regular monthly installments of not less than \$353.55, with the first payment due on February 1, 2016 and subsequent payments due on the same day of each following month until January 31, 2026, at which time the unpaid principal amount together with accrued interest is due in its entirety. In the event PBC meets the 2015 Labor Retention Goal, the principal amount of \$33,333.33 plus interest accrued through December 31, 2015, shall be forgiven by TURA in full settlement, payment and satisfaction thereof.~~

~~(f)~~

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SECTION 2. Labor Retention and Hiring

- (a) Attached to this Agreement are Schedules 1(a), 1(b) and 1(c) (“Labor Schedules”). The Schedules represent PBC’s projections for retaining and hiring positions in PBC’s business occupying the Building after renovation (“Brewery”) during each of 2013, 2014 and 2015 (“Labor Targets”). PBC will make its commercially reasonable efforts to retain and hire persons to positions at the Brewery in the numbers and with wages and benefits that meet or exceed the Schedules.
- (b) On each of December 31, 2013, December 31, 2014 and December 31, 2015, PBC will provide a report on labor retention and hiring that includes a comparison of the actual positions, wages and benefits to the Labor Targets for the year ending December 31st (“Labor Report”). If the Labor report shows fewer positions and/or wages and benefits lower than the Labor Targets, PBC will include in the Labor Report an explanation of its efforts made to meet the Labor Targets and circumstances which prevented achieving the Labor Targets. The TURA Contract Committee will review the Labor Report and notify the TURA Board of its assessment of PBC’s efforts.
- (c) If, notwithstanding PBC’s efforts, the following standards are not met, there shall be a “Labor Target Deficiency” which will affect future Second Loan repayment according to Section 4 below:
- (i) December 31, 2013: Eighty percent (80%) of the positions at the Brewery will have annual salaries (excluding benefits) of \$32,000 or more;
 - (ii) December 31, 2014: Not less than one half of new positions filled in 2014 will have annual salaries (excluding benefits) of \$32,000 or more and eighty percent (80%) of the positions at the Brewery will have annual salaries (excluding benefits) of \$32,000 or more;
 - (iii) December 31, 2015: Not less than one half of new positions filled in 2015 will have annual salaries (excluding benefits) of \$32,000 or more and eighty percent (80%) of the positions at the Brewery will have annual salaries (excluding benefits) of \$32,000 or more.

SECTION 3. Disbursement. The following provisions shall be applicable with respect to disbursement of the Loan:

- (a) The ~~building~~-Building renovation costs set forth in the attached Schedule 2(a), incorporated herein by reference, provides a summary description of the costs of renovating the Building as well as itemizes that portion of the renovation costs to be financed by TURA (the “TURA Financing”);
- (b) PBC will submit itemized progress billings to TURA on or before the 25th day of each month for work to be completed on the Brewery through the

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30th day of that month. Each progress billing shall include or have attached the following:

- (i) A percentage completion of the work on each line item set forth in Schedule 2(a) allocated for TURA Financing;
- (ii) Copies of all applicable subcontractor and/or material invoices; and
- (iii) A 10% general contractor fee, **calculated on the amount of the progress billing, excluding the general contractor fee.**

(b) Within ten (10) days after submission of the progress billing by PBC, an inspection shall be made by a representative of TURA and if:

- (i) **P**progress has been made on the **Brewery-renovation of the Building** in accordance with the progress billing submitted by PBC,
- (ii) TURA's Contract Committee is reasonably satisfied with the progress billing and its attachments;
- (iii) No default has occurred and is continuing under this Agreement or the Lease; and
- (iv) The general contractor and all subcontractors shall have been paid for amounts covered by prior progress billings, then

the progress billing shall be paid by TURA to the general contractor by the 2nd Thursday of the month following the month in which the progress billing was submitted by PBC.

(c) Except for TURA Financing under the First Loan, PBC will provide all funds to cover costs of the Building renovation identified in Schedule 2(a) as "Other" and all additional costs incurred in the Building renovation as a result of cost overruns or unanticipated expenses in the Building renovation.

SECTION 34. Loan Repayment.

(a) -PBC promises to pay to TURA the principal amount of up to \$100,000, together with interest at the rate of five percent (5%) per annum on the unpaid balance, in regular monthly installments, with the first payment due on February 1, 2014 and subsequent payments due on the same day of each following month until January 31, 2024, at which time the unpaid principal amount together with accrued interest is due in its entirety. Interest will be calculated from the date of each fund disbursement. On or before January 15, 2014, TURA will provide an amortization schedule to PCB which includes the requirements of this Section 1. If the Second

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Loan balance is reduced according to subsection (b), (c) or (d) of this Section 4, then PBC agrees to pay the reduced Second Loan balance according to the amortization schedule(s) provided by TURA. ▲

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(b) If no Labor Target Deficiency exists on December 31, 2013, then the principal amount of the Second Loan will be reduced by the sum of \$33,333.33 and the accrued interest accrued on \$33,333.33 ("2013 Reduced Balance"), and in lieu of the amortization schedule required in Subsection 1 of the Section 4, TURA shall provide an amortization schedule on the same terms as described in subsection (a) applied to the Reduced Second Loan Balance. ▲

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(c) If no Labor Target Deficiency exists on December 31, 2014, then the principal amount of the Second Loan, or the 2013 Reduced Balance, if applicable, will be reduced by the sum of \$33,333.33 and the interest accrued on \$33,333.33 ("2014 Reduced Balance"). In this case, by January 15, 2014, TURA will provide an amortization schedule on the same terms as described in subsection (a) applied to the 2014 Reduced Balance. ▲

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(d) If no Labor Target Deficiency exists on December 31, 2015, then the principal amount of the Second Loan, the 2013 Reduced Balance, or the 2014 Reduced Balance, if applicable, will be reduced by the sum of \$33,333.33 and the interest accrued on \$33,333.33 ("2015 Reduced Balance"). In this case, by January 15, 2016, TURA will provide an amortization schedule on the same terms as described in subsection (a) applied to the 2015 Reduced Balance.

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SECTION 35. Publicity. TURA's assistance and the Building's location in the City of Tillamook, until the Loan is paid in full, shall be noted legibly, as follows:

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- (a) On PBC's website; and
- (b) On PBC's sales materials and menus used in the tasting room at the production brewery; and
- (c) On some non-facility sales materials; ~~if~~ as deemed appropriate by PBC's sales and marketing manager.

SECTION 4.6 Representations and Warranties. To induce TURA to enter into this Agreement to make the Loan, PBC represents and warrants as follows:

- (a) PBC is a corporation duly organized and validly existing and in good standing under the laws of the State of Oregon;
- (b) PBC has all necessary corporate power and authority to carry on its business as now being conducted, and to carry out the transactions contemplated by this Agreement;

- (c) The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on the part of PBC;
- (d) This Agreement being executed and delivered by PBC constitutes a valid and legally binding obligation of PBC, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other substantially similar laws of general application relating to or affecting the enforcement of creditors' rights or by general principles of equity.
- (e) The Building renovation is in compliance with all applicable local, state and federal land use and permit requirements.
- (f) The Building renovation includes adding or retaining Building accessibility to the handicapped by compliance with the standards of 41 CFR, Part 101.
- (g) PBC shall not discriminate against any employee or against any applicant for employment because of sex, race, age, religion, color, physical handicap, national origin or marital status. Such provisions shall include but not be limited to the following: employment, layoff or termination, rates of pay of other forms of compensation, and selection for training, including apprenticeship.
- (h) PBC agrees that no officer or employee of TURA who exercises any functions or responsibilities with respect to the loan made to PBC during his or her tenure and one year thereafter, shall benefit in any way from this Loan. Prohibited benefits include employment, payment of any kind, or any interest in the PBC entity.
- (i) All contractors and subcontractors used in the Building renovation shall be licensed.

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SECTION 57. Liability and Indemnity.

PBC waives and relinquishes all claims, demands, and liabilities, past, present or future, of any nature against all officers, directors, members, agents and employees of TURA ("Indemnified Person") arising from, related to or connected with the Second Loan and agrees to indemnify and hold harmless each Indemnified Person from and against all claims, demands, and liabilities arising from, related to or connected with the Second Loan or the use, occupation, or implementation of the Building.

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SECTION 8. Default. At the option of TURA, TURA may demand payment of all obligations hereunder, all of which shall be deemed to have become immediately due and payable upon the occurrence of any of the following events (the "Events of Default"):

- (a) PBC fails to make any payment required by this Agreement within ~~thirty~~ **ten (30)** days after the payment is due;

(b) PBC materially breaches any provision of this Agreement, **other than a requirement to pay money**, and fails to cure the breach within thirty (30) days after TURA notifies PBC of the breach;

(c) PBC voluntarily dissolves or ceases to exist, or any final and non-appealable order or judgment is entered against PBC ordering its dissolution;

(d) PBC fails to pay, becomes insolvent or unable to pay, or admits in writing an inability to pay PBC's debts as they become due, or makes a general assignment for the benefit of creditors;

(e) PBC is in default of the terms of the Lease, including failure to make any payments due under the Lease, including but not limited to rent, insurance, utilities or taxes and fails to cure the default according to the Lease terms; and

(ef) A proceeding with respect to PBC is commenced under any applicable law for the benefit of creditors, including but not limited to any bankruptcy or insolvency law, or an order for the appointment of a receiver, liquidator, trustee, custodian, or other officer having similar powers over PBC is entered.

SECTION 69. Waiver. PBC hereby waives demand, presentment for payment, protest, notice of protest and notice of nonpayment, and all pleas of division and discussion. PBC additionally agrees that TURA's acceptance of payment other than in accordance with the terms of this Agreement, or TURA's subsequent agreement to extend or modify such repayment terms, or TURA's failure or delay in exercising any rights or remedies granted to TURA, shall likewise not have the effect of releasing PBC from its obligations to TURA. Any partial exercise of any rights and/or remedies granted to TURA shall furthermore not be construed as a waiver of any other rights and remedies; it being PBC's intent and agreement that TURA's rights and remedies shall be cumulative in nature. PBC further agrees that, should any default event occur or exist under this Agreement, any waiver or forbearance on the part of TURA to pursue the rights and remedies available to TURA, shall be binding upon TURA only to the extent that TURA specifically agrees to any such waiver or forbearance in writing. A waiver or forbearance on the part of TURA as to one default event shall not be construed as a waiver or forbearance as to any other default. Failure to pay in full any payment timely when due under this Agreement will remain and shall constitute a default event hereunder until such a payment is made by the PBC and accepted by TURA.

SECTION 710. Notices. Any notices or other communication required or permitted to be given under this Agreement shall be in writing and shall be either (a) personally delivered, (b) sent by electronic mail, or (c) mailed by certified mail, return

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receipt requested, postage prepaid, and addressed to the principal office of the parties as follows:

PBC:

Pelican Brewing Company.
Attn: Mary J. Jones, President

9005 Nestucca Ridge Rd.
Pacific City, OR 97135
Email: maryjjones@nestuccaridge.com

TURA:

Tillamook Urban Renewal Agency
Attn: ~~Name~~Carolyn H. Decker

[Address]
Email:

All notices shall be deemed to be given on the earlier of (i) the date actually delivered, (ii) the date the electronic mail was transmitted and receipt confirmed, or (iii) the expiration of the second day after the date of certification of mailing. The addresses to which notices or other communications shall be mailed may be changed from time to time by giving written notice to the other party as provided herein.

SECTION 811. Governing Law; Venue. This Agreement is governed by the laws of the State of Oregon, without giving effect to any conflict-of-law principle that would result in the laws of any other jurisdiction governing this Agreement. Any action, suit, or proceeding arising out of the subject matter of this Agreement will be litigated in courts located in Tillamook County, Oregon, ~~or in the case of federal court, located in Portland, Oregon.~~ TURA and PBC consent and submit to the jurisdiction of any local, ~~or state, or federal~~ court located in Tillamook County, Oregon, ~~or in the case of federal court, located in Portland, Oregon.~~

SECTION 912. Attorneys' Fees. If any arbitration, action, suit, or proceeding is instituted to interpret, enforce, or rescind this Agreement, or otherwise in connection with the subject matter of this Agreement, including but not limited to any proceeding brought under the United States Bankruptcy Code, the prevailing party on a claim will be entitled to recover with respect to the claim, in addition to any other relief awarded, the prevailing party's reasonable attorney's fees and other fees, costs, and expenses of every kind, including but not limited to the costs and disbursements incurred in connection with the arbitration, action, suit, or proceeding, any appeal or petition for review, the collection of any award, or the enforcement of any order, as determined by the arbitrator or court.

SECTION 1013. Binding Effect. This Agreement shall be binding upon and inure to the benefit of TURA and PBC and their heirs, personal representatives, successors, and assigns.

SECTION 1114. Severability. If a provision of this Agreement is determined to be unenforceable in any respect, the enforceability of the provision in any other respect and of the remaining provisions of this Agreement will not be impaired.

SECTION 4215. Time of the Essence. Time is of the essence with respect to all dates and time periods in this Agreement.

PBC:

Pelican Brewing Company

By: _____
Mary J. Jones,
President

Date: _____, 2013

TURA:

Tillamook Urban Renewal Agency

By: _____
[Name]

Date: _____, 2013

Personal Guaranty. Jeff Schons and Mary J. Jones, officers of PBC, each jointly and severally guarantees repayment of the Second Loan in accordance with the terms of this Agreement.

Mary J. Jones, Personally

Jeff Schons, Personally

Opening Labor: 2013

11/1/2012

<u>Brewing Labor</u>	<u>% Salary</u>	<u>Salary</u>	<u>Quantity</u>	<u>Salaries</u>	<u>Taxes & Benefits</u>	<u>Total</u>
Brewmaster	50%	\$ 100,000	1.0	50,000	\$ 15,000	\$ 65,000
Brewery Manager	75%	\$ 75,000	1.0	56,250	\$ 16,875	\$ 73,125
Brewer #1	100%	\$ 50,000	1.0	50,000	\$ 15,000	\$ 65,000
Brewer #2	100%	\$ 40,000		-	\$ -	\$ -
Brewer #3	100%	\$ 35,000		-	\$ -	\$ -
Brewer #4	100%	\$ 35,000		-	\$ -	\$ -
Cellarman	100%	\$ 30,000	1.0	30,000	\$ 9,000	\$ 39,000
Bottling Lead	100%	\$ 30,000	1.0	30,000	\$ 9,000	\$ 39,000
Maint/Janitorial	100%	\$ 40,000	1.0	40,000	\$ 12,000	\$ 52,000
Keg Washing/Packaging	100%	\$ 25,000	1.0	25,000	\$ 7,500	\$ 32,500
Packaging/Warehouse	100%	\$ 25,000		-	\$ -	\$ -
Director of Sales & Marketing	100%	\$ 60,000	1.0	60,000	\$ 18,000	\$ 78,000
Salespeople	100%	\$ 45,000	2.0	90,000	\$ 27,000	\$ 117,000
Accounting Clerk/Admin	100%	\$ 45,000	1.0	45,000	\$ 13,500	\$ 58,500
Admin	75%	\$ 30,000		-	\$ -	\$ -
Total Brewing Labor			11.0			\$ 619,125

<u>Tasting Room Labor</u>						
Manager	100%	\$ 25,000	1.0	25,000	\$ 7,500	\$ 32,500
Cook	100%	\$ 24,960	1.0	24,960	\$ 7,488	\$ 32,448
Bartender/Server	100%	\$ 31,200	1.0	31,200	\$ 9,360	\$ 40,560
Busser/Prep	100%	\$ 18,720	0.5	9,360	\$ 2,808	\$ 12,168
Total Tasting Room Labor			3.50			\$ 117,676

Total Labor			14.50			\$ 736,801
				7 months =		\$ 429,801

Labor: 2014

11/1/2012

<u>Brewing Labor</u>	<u>% Salary</u>	<u>Salary</u>	<u>Quantity</u>	<u>Salaries</u>	<u>Taxes & Benefits</u>	<u>Total</u>
Brewmaster	50%	\$ 100,000	1.0	50,000	\$ 15,000	\$ 65,000
Brewery Manager	75%	\$ 75,000	1.0	56,250	\$ 16,875	\$ 73,125
Brewer #1	100%	\$ 50,000	1.0	50,000	\$ 15,000	\$ 65,000
Brewer #2	100%	\$ 40,000	1.0	40,000	\$ 12,000	\$ 52,000
Brewer #3	100%	\$ 35,000		-	\$ -	\$ -
Brewer #4	100%	\$ 35,000		-	\$ -	\$ -
Cellarman	100%	\$ 30,000	1.0	30,000	\$ 9,000	\$ 39,000
Bottler	100%	\$ 30,000	1.0	30,000	\$ 9,000	\$ 39,000
Maint/Janitorial	100%	\$ 40,000	1.0	40,000	\$ 12,000	\$ 52,000
Keg Washing/Packaging	100%	\$ 25,000	2.0	50,000	\$ 15,000	\$ 65,000
Packaging/Warehouse	100%	\$ 25,000	1.0	25,000	\$ 7,500	\$ 32,500
Director of Sales & Marketing	100%	\$ 66,000	1.0	66,000	\$ 19,800	\$ 85,800
Salespeople	100%	\$ 45,000	3.0	135,000	\$ 40,500	\$ 175,500
Accounting Clerk	100%	\$ 47,500	1.0	47,500	\$ 14,250	\$ 61,750
Admin	100%	\$ 30,000		-	\$ -	\$ -
Total Brewing Labor			15.00			\$ 805,675
<u>Tasting Room Labor</u>						
Manager	100%	\$ 25,000	1.0	25,000	\$ 7,500	\$ 32,500
Cook	100%	\$ 24,960	1.0	24,960	\$ 7,488	\$ 32,448
Bartender/Server	100%	\$ 31,200	1.0	31,200	\$ 9,360	\$ 40,560
Busser/Prep	100%	\$ 18,720	0.5	9,360	\$ 2,808	\$ 12,168
Total Tasting Room Labor			3.50			\$ 117,676
Total Labor			18.50			\$ 923,351

Labor: 2015

11/1/2012

	<u>% Salary</u>	<u>Salary</u>	<u>Quantity</u>	<u>Salaries</u>	<u>Taxes & Benefits</u>	<u>Total</u>
Brewing Labor						
Brewmaster	50%	\$ 100,000	1.0	50,000.0	\$ 15,000	\$ 65,000
Brewery Manager	75%	\$ 75,000	1.0	56,250.0	\$ 16,875	\$ 73,125
Brewer #1	100%	\$ 55,000	1.0	55,000.0	\$ 16,500	\$ 71,500
Brewer #2	100%	\$ 45,000	1.0	45,000.0	\$ 13,500	\$ 58,500
Brewer #3	100%	\$ 35,000		-	\$ -	\$ -
Brewer #4	100%	\$ 35,000		-	\$ -	\$ -
Cellarman	100%	\$ 30,000	2.0	60,000.0	\$ 18,000	\$ 78,000
Bottler	100%	\$ 30,000	2.0	60,000.0	\$ 18,000	\$ 78,000
Maint/Janitorial	100%	\$ 42,000	1.0	42,000.0	\$ 12,600	\$ 54,600
Keg Washing/Packaging	100%	\$ 25,000	2.0	50,000.0	\$ 15,000	\$ 65,000
Packaging/Warehouse	100%	\$ 25,000	2.0	50,000.0	\$ 15,000	\$ 65,000
Director of Sales & Marketing	100%	\$ 75,000	1.0	75,000.0	\$ 22,500	\$ 97,500
Salespeople	100%	\$ 47,500	4.0	190,000.0	\$ 57,000	\$ 247,000
Accounting Staff	100%	\$ 50,000	1.0	50,000.0	\$ 15,000	\$ 65,000
Admin	100%	\$ 32,000	1.0	32,000.0	\$ 9,600	\$ 41,600
Total Brewing Labor			20.00			\$ 1,059,825

Tasting Room Labor

Manager	100%	\$ 25,000	1.0	25,000	\$ 7,500	\$ 32,500
Cook	100%	\$ 24,960	1.0	24,960	\$ 7,488	\$ 32,448
Bartender/Server	100%	\$ 31,200	1.0	31,200	\$ 9,360	\$ 40,560
Busser/Prep	100%	\$ 18,720	0.5	9,360	\$ 2,808	\$ 12,168
Total Tasting Room Labor			3.50			\$ 117,676

Total Labor **23.50** **\$ 1,177,501**

Memorandum



To: Chair Decker and TURA Board of Directors
From: Paul Wyntergreen, TURA Administrator
Date: 2/7/2013
Re: Short Term and Long Range Cash Flow Charts

The attached cash flow charts are annual cash flow projections compiled from the current budget and tables from the Report on the Plan compiled by Elaine Howard during the recent plan amendment and reworked a bit to bring them more in line with the current budget and priority discussions in the past several months.

The items highlighted on the **annual charts** are actuals, potentials, discretionary, and new line expenditures and on the **long range charts** (red and blue) are items that are dependent upon additional incomes and debt service outside of normal tax increment revenues (such as the purchase of a theatre, IOOF or other property that, as real property secures the loan rather than tax revenues and then provides income over and above operating costs to pay the debt service). If such financing does not materialize, then those highlighted items will not be acquired or expended.

As to the other projects, they have been shifted to correspond with the points where sufficient financing can be made available while maintaining a good debt reserve. I have tried to align those projects that complement the Highway 101/6 ODOT project with its timing and to push forward those that provide the highest likelihood of economic development; however the Board may see other opportunities.

It is my hope that this kind of financial programming can serve as the basis for the Agency's prioritization process, which may still include flexible "let's wait to see what comes in the door" programs like the façade program, while also scheduling up specific target priorities.

2/7/2013 TURA Tax Revenue History & Projection

Year	Taxes Levied	Plan Projection	% Difference between Levied/Projected	Actual YTD (including previous)	Available for Debt Service	Budgeted	% Collected
2007-2008	\$90,313	\$83,736	5%	\$84,569		\$84,000	95%
2008-2009	\$152,736	\$108,317	41%	\$143,421		\$110,000	94%
2009-2010	\$190,456	\$133,758	42%	\$180,267		\$175,000	95%
2010-2011	\$222,192	\$160,088	39%	\$205,270		\$210,000	96%
2011-2012	\$245,552	\$187,342	31%	\$238,745		\$240,000	97%
2012-2013		\$246,502 **				\$231,000	84% YTD
2013-2014		\$277,182			\$19,664		
2014-2015		\$309,345			\$51,827		
2015-2016		\$452,132			\$194,614		
2016-2017		\$489,868			\$232,350		
2017-2018		\$528,910					
2018-2019		\$569,302					
2019-2020		\$611,089					
2020-2021		\$654,322					
2021-2022		\$699,048					
2022-2023		\$745,322					

** 2012 Plan Amendment - revision in projected tax revenue

*****Committed Revenue Stream = \$157,518 loan debt service & \$100,000 admin/tech - remainder to derive future debt service

*** potential to borrow another \$1.2 M

Tillamook Urban Renewal Agency
Annual Cash Flow Projections

Current Month	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-12	May-13	Jun-13	Jul-13
Beginning Cash	\$394,790	\$378,248	\$374,814	\$376,764	\$365,523	\$553,392	\$505,914	\$506,066	\$492,481	\$495,946	\$429,611	\$363,926	\$154,587
Bank of Astoria - Reserve Account													
Janac Payments	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Tax Revenues					\$201,486	\$4,000	\$2,400		\$10,000			\$8,000	
Prior Taxes	\$500	\$1,000	\$500	\$1,000	\$2,188	\$200	\$700	\$500	\$500	\$500	\$500	\$500	
Interest	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	
Total Cash	\$396,365	\$380,323	\$376,389	\$378,839	\$570,272	\$558,667	\$510,089	\$507,641	\$504,056	\$497,521	\$431,186	\$373,501	
BUSINESS EXPENSE:													
Conference Education	\$50			\$50						\$50			
Internet Web Services	\$40	\$40	\$40	\$40	\$40	\$40		\$40	\$40	\$40	\$40	\$40	
Legal Services	\$250	\$250	\$250	\$250	\$2,995	\$250	\$1,985	\$2,650	\$2,000	\$2,000	\$2,000	\$2,000	
Design/Enriro Services			\$2,500										
Financial/Audit Services	\$3,450	\$750	\$750	\$2,250	\$1,500	\$750	\$750	\$2,750	\$750	\$750	\$750	\$750	
IGA Services	\$16,300				\$9,200			\$9,200			\$9,200		
Bank Fees	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	
Office Supply	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	
Postage			\$50			\$50			\$50		\$50		
Insurance				\$600									
Appraisal Inspections		\$50			\$50			\$50			\$50		
Loan Service Fees												\$500	
Engineering Architect													
Consulting			\$2,500										
Meeting		\$100			\$200								
Advertising Publications	\$200		\$200		\$200			\$400	\$200		\$100		
CAPITAL OUTLAY:													
Project Fees													
Façade Loan Grant (committed)		\$5,000		\$8,750	\$5,000	\$6,610							
Bank of Astoria - Loan Payments						\$44,375						\$115,554	
Streetscapes Projects										\$15,000			
Façade Grants (potential)									\$5,000		\$5,000		
Pelican Brewery Loan & Grant										\$50,000	\$50,000	\$100,000	
Total	\$20,360	\$6,260	\$6,360	\$12,010	\$19,255	\$52,145	\$2,805	\$15,160	\$8,110	\$67,910	\$67,260	\$218,914	
**** Color fill indicates updated figures		**** Discretionary spending		**** New Line Expenditure									
**** Actual Balance		**** Potential spending											

*** Includes Required
Reserve \$150,000

Tillamook Urban Renewal Agency
Annual Cash Flow Projections

Current Month	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
Beginning Cash	\$156,937	\$154,452	\$131,907	\$130,412	\$330,017	\$553,677	\$538,896	\$537,851	\$515,956	\$520,211	\$499,666	\$484,821	\$375,772
Loan for IOOF or Other Property						\$400,000							
Bank of Astoria - Reserve Account													
3rd Street Project Refund				\$200,000									
Janac Payments	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	
Pelican Brewing Company Payments		\$790	\$790	\$790	\$790	\$790	\$790	\$790	\$790	\$790	\$790	\$790	
Tax Revenues (90% collection)					\$250,000	\$10,000			\$10,000			\$7,000	
Prior Taxes	\$500	\$1,000	\$500	\$1,000	\$1,000	\$1,000	\$500	\$500	\$500	\$500	\$500	\$500	
Interest	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	
Total Cash	\$158,512	\$157,317	\$134,272	\$333,277	\$582,882	\$966,542	\$541,261	\$540,216	\$528,321	\$522,576	\$502,031	\$494,186	
BUSINESS EXPENSE:													
Conference Education	\$50			\$50			\$50			\$50			
Internet Web Services	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	\$40	
Legal Services	\$250	\$250	\$250	\$250	\$2,995	\$250	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	
Design/Enviro Services			\$2,500										
Financial/Audit Services	\$3,450	\$750	\$750	\$2,250	\$1,500	\$750	\$750	\$2,750	\$750	\$750	\$750	\$750	
IGA Services		\$9,200			\$9,200			\$9,200			\$9,200		
Bank Fees	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	
Office Supply	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	
Postage			\$50			\$50			\$50		\$50		
Insurance				\$600									
Appraisal Inspections													
Loan Service Fees													
Engineering Architect													
Consulting													
Meeting		\$100			\$200			\$200					
Advertising Publications	\$200		\$200		\$200		\$500		\$200		\$100		
CAPITAL OUTLAY:													
Project Fees													
Bank of Astoria - Loan Payments						\$26,486						\$115,554	
Streetscapes Projects		\$10,000			\$10,000			\$10,000		\$20,000			
Façade Grants (potential)		\$5,000			\$5,000				\$5,000		\$5,000		
Property Purchase/Improvements						\$400,000							
Total	\$4,060	\$25,410	\$3,860	\$3,260	\$29,205	\$427,646	\$3,410	\$24,260	\$8,110	\$22,910	\$17,210	\$118,414	

*** Includes Required
Reserve \$150,000

TIF Revenue	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
	\$262,000	\$288,200	\$317,020	\$348,722	\$383,594	\$418,117	\$452,000	\$488,160	\$524,540	\$562,193	\$601,162	\$641,496	\$683,247	\$726,454	\$771,172	\$817,456	\$865,359	\$914,941	\$966,180	\$1,019,369	\$1,075,575	\$1,134,732
Debt Service																						
1. IOOF Loan		(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	(\$33,747)	
2. Beals Theater Loan		(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	(\$50,620)	
3. First Street Parking Lot																						
4. Misc. Short-Term Loan	(\$11,000)	(\$11,000)	(\$11,000)	(\$11,000)	(\$11,000)																	
5. Consolidated Loans	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)									
6. New Loan			(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)	(\$157,518)								
7. New Loan								(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	(\$210,025)	
8. New Loan														(\$367,496)	(\$367,496)	(\$367,496)	(\$367,496)	(\$367,496)	(\$367,496)	(\$367,496)	(\$367,496)	
Total Debt Service	(\$168,518)	(\$252,885)	(\$410,403)	(\$410,403)	(\$410,403)	(\$399,403)	(\$399,403)	(\$609,428)	(\$609,428)	(\$609,428)	(\$609,428)	(\$609,428)	(\$819,406)	(\$819,406)	(\$661,888)	(\$661,888)	(\$661,888)	(\$661,888)	(\$661,888)	(\$661,888)	(\$451,863)	
Coverage Ratio	1.55	1.14	0.77	0.85	0.93	1.05	1.13	0.80	0.86	0.92	0.99	1.05	0.83	0.89	1.17	1.24	1.31	1.38	1.46	2.26		
TIF Revenue After Debt Service	\$93,482	\$35,315	(\$93,383)	(\$61,681)	(\$26,809)	\$18,714	\$52,597	(\$121,268)	(\$84,888)	(\$47,235)	(\$8,266)	\$32,068	(\$136,159)	(\$92,952)	\$109,284	\$155,568	\$203,471	\$253,053	\$304,292	\$567,506	\$1,075,575	\$1,134,732
Resources																						
Beginning Balance	\$397,000	\$330,482	\$229,501	\$670,221	\$542,907	\$470,465	\$209,979	\$216,943	\$762,211	\$436,368	\$393,500	\$389,601	\$426,036	\$637,488	\$548,903	\$662,554	\$822,489	\$1,030,327	\$1,287,747	\$1,240,744	\$718,227	\$1,723,802
Revenue from properties		\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	\$84,367	
Refund from ODOT for 3rd Street	\$225,000																					
Bond/Loan Proceeds (IOOF)	\$0	\$803,400	\$1,500,000					\$2,000,000					\$2,500,000									
TIF Revenue After Debt Service	\$93,482	\$35,315	(\$93,383)	(\$61,681)	(\$26,809)	\$18,714	\$52,597	(\$121,268)	(\$84,888)	(\$47,235)	(\$8,266)	\$32,068	(\$136,159)	(\$92,952)	\$109,284	\$155,568	\$203,471	\$253,053	\$304,292	\$567,506	\$1,075,575	\$1,134,732
Total Resources	\$715,482	\$1,253,564	\$1,720,485	\$692,907	\$600,465	\$573,546	\$346,943	\$2,180,042	\$761,690	\$473,500	\$469,601	\$506,036	\$2,874,244	\$628,903	\$742,554	\$902,489	\$1,110,327	\$1,367,747	\$1,676,406	\$1,892,617	\$1,793,802	\$2,858,534

\$0
\$0

\$ 1,284,939 \$ 1,500,222

Expenditures	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34
Loan Repayment to Agency																						NO
	-																					(\$12,872) NO
Administration	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$70,000)	(\$1,600,000) NO
Technical, Architectural, Zoning	(\$5,000)	(\$20,000)	(\$20,000)	(\$20,000)																		(\$65,000) NO
Facades and Signs	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)														(\$400,000) YES
Pelican Pub	(\$200,000)																					(\$200,000) YES
Town Center/Streetscape Improvements	(\$50,000)	(\$53,560)	(\$55,435)																			(\$158,995) YES
Alley Improvements						(\$110,637)																(\$110,637) YES
Visitor Sign and Parking Area Signs			(\$11,087)																			(\$11,087) YES
Property Acquisition			-																			\$0 YES
Public Parking																						\$0 YES
Goodspeed Park Railroad			(\$221,740)																			(\$221,740) YES
Streetscapes				-																		\$0 YES
IOOF Bldg. 2nd Floor (Purchase/ Imps)		(\$321,360)																				(\$321,360) YES
City Hall Improvements								(\$131,680)														(\$131,680) YES
3rd Street Phase II								(\$526,720)														(\$526,720) YES
Safeway Site Imps/RV camping			(\$332,610)																			(\$332,610) YES
Sue H Elmore Park			(\$166,305)																			(\$166,305) YES
Goodspeed Park									(\$40,887)													(\$40,887) YES
Hoquarton Trail Park			(\$110,870)																			(\$110,870) YES
Beals Theater/other acquisition		(\$482,040)																				(\$482,040) YES
Liberty School Sidewalks												(\$312,800)										(\$312,800) YES
Meadow Area Sidewalks												(\$312,800)										(\$312,800) YES
Street/Sidewalk Main & Pacific 1st to 12th												(\$312,800)										(\$312,800) YES
Street/Sidewalk 3rd to Trask River Bridge																				(\$397,960)		(\$397,960) YES
Stormwater Upgrades								(\$197,520)	(\$204,435)													(\$401,955) YES
City CIP Water Line																			(\$355,663)	(\$397,960)		(\$753,623) YES
City CIP Wastewater Line													(\$625,600)									(\$625,600) YES
12 St Sewer Line Extension								(\$164,600)					(\$586,500)									(\$751,100) YES
Holden Creek Greenway								(\$263,360)														(\$263,360) YES
City Gateway/Museum Entrance Features						(\$122,930)																(\$122,930) YES
Assistance Utilities andInfrastructure																				(\$298,470)		(\$298,470) YES
Financing Costs	-	(\$1,035)	(\$2,217)					(\$3,950)					(\$6,256)									(\$13,459) YES
Total Expenditures	(\$385,000)	(\$1,024,063)	(\$1,050,264)	(\$150,000)	(\$130,000)	(\$363,567)	(\$130,000)	(\$1,417,830)	(\$325,322)	(\$80,000)	(\$80,000)	(\$80,000)	(\$2,236,756)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$80,000)	(\$435,663)	(\$1,174,390)	(\$70,000)	\$0 (\$9,476,727)
Balance to Carry Over	\$330,482	\$229,501	\$670,221	\$542,907	\$470,465	\$209,979	\$216,943	\$762,211	\$436,368	\$393,500	\$389,601	\$426,036	\$637,488	\$548,903	\$662,554	\$822,489	\$1,030,327	\$1,287,747	\$1,240,744	\$718,227	\$1,723,802	\$2,858,534

Should be adjusted for inflation

Impact on Maximum Indebtedness																							Total
Unspent Bond/Loan Proceeds	\$ 37,128	\$ -	\$ -	\$ 449,736	\$ 299,736	\$ 169,736	\$ -	\$ -	\$ 582,170	\$ 256,848	\$ 176,848	\$ 96,848	\$ 16,848	\$ 280,092	\$ 200,092	\$ 120,092	\$ 40,092	\$ -	\$ -	\$ -	\$ -	\$ -	-
Bond/Loan Proceeds	\$ -	\$ 803,400	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,853,400
Expenditure of Loan Proceeds	\$ 37,128	\$ 803,400	\$ 1,050,264	\$ 150,000	\$ 130,000	\$ 169,736	\$ -	\$ 1,417,830	\$ 325,322	\$ 80,000	\$ 80,000	\$ 80,000	\$ 2,236,756	\$ 80,000	\$ 80,000	\$ 80,000	\$ 40,092	\$ -	\$ -	\$ -	\$ -	\$ -	-
Remaining Bond/Loan Proceeds	\$ -	\$ -	\$ 449,736	\$ 299,736	\$ 169,736	\$ -	\$ -	\$ 582,170	\$ 256,848	\$ 176,848	\$ 96,848	\$ 16,848	\$ 280,092	\$ 200,092	\$ 120,092	\$ 40,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Annual expenditures of direct TIF	\$ 347,872	\$ 220,663	\$ -	\$ -	\$ -	\$ -	\$ 193,831	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,908	\$ 80,000	\$ 435,663	\$ 1,174,390	\$ 70,000	\$ -	2,622,327
Annual impact on MI	\$ 385,000	\$ 1,024,063	\$ 1,050,264	\$ 150,000	\$ 130,000	\$ 363,567	\$ 130,000	\$ 1,417,830	\$ 325,322	\$ 80,000	\$ 80,000	\$ 80,000	\$ 2,236,756	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 435,663	\$ 1,174,390	\$ 70,000	\$ -	9,475,727
Cumulative impact on MI	\$ 397,872	\$ 1,421,935	\$ 2,472,199	\$ 2,622,199	\$ 2,752,199	\$ 3,115,766	\$ 3,245,766	\$ 4,663,597	\$ 4,988,919	\$ 5,068,919	\$ 5,148,919	\$ 5,228,919	\$ 7,465,675	\$ 7,545,675	\$ 7,625,675	\$ 7,705,675	\$ 7,785,675	\$ 7,865,675	\$ 8,301,337	\$ 9,475,727	\$ 9,545,727	\$ 9,545,727	
Loan Repayment to Agency	-																						(\$12,872)
3rd Street Project Phase I	-																						-



TILLAMOOK COUNTY QUILT TRAIL

PRESERVING AND PROMOTING OUR RURAL AND COASTAL HERITAGE

January 31, 2013

Tillamook Urban Renewal Agency
210 Laurel Ave
Tillamook, OR 97141

RE: Tillamook County Cultural Coalition Grant Application

Dear Chairman Decker,

In December 2012 the Tillamook Urban Renewal Agency penned a letter of support for the Tillamook County Quilt Trail Coalition's new project, the Tillamook Public Mural Program. The letter enthusiastically supported TCQTC's application for the Tillamook County Cultural Coalition grant. Thanks to this letter and the support of other community partners this fundraising effort was successful. TCQTC received \$800 from the Tillamook County Cultural Coalition. This money will go directly to replace the mural on repository of the Latimer Quilt and Textile Center, which is currently faded and cracking.

Through TURA's support of this project it demonstrates its commitment to local cultural institutions. It is, and has always been, TCQTC's belief that making the area's history of quilting visible to residents and visitors contributes to the City of Tillamook's economic vitality. We look forward to hopefully expanding the mural project into the town center to create points of interest, bring awareness to rich local traditions, and inspire individuals to be proud of their community.

Sincerely,

Suzanne Weber

Board President

Tillamook County Quilt Trail Coalition

Standing Committees Descriptions
February 12, 2013

The Proposal Committee shall first ascertain that the applicant request for either financial, and or technical assistance has filled all of the necessary forms, and that they are completed as required, and any other obligation assigned by a majority of the Board.

The Committee has the authority to require that additional forms be completed that it deems are necessary before allowing the request to come before the full Board for consideration. The committee will from time to time report to the full board as requested by the TURA Chair. Members are a Committee Chair and 2 Committee members.

The Contract Committee will monitor the TURA contracts for compliance with the contract, make recommendations concerning payments to the applicant if applicable, and generally oversee the completion of the contract requirements, and any other obligation assigned to it by a majority of the Board.

The committee will from time to time report to the full TURA Board as requested by the TURA Chair. Members are a Committee Chair and 2 Committee members.

The Streetscapes Committee was formed to search out possible improvements to a test area between the streets, from 2nd to 3rd, on Main Avenue. Some, but not all, of the issues the committee is to address in making a recommendation to the full Board will be blade signs, hanging baskets, flower boxes, trash containers, colors to be recommended for facades and signs, sidewalk improvements, informational signs, street directional signs at the entrances to the downtown area. In short any issue that can improve the "open for business" atmosphere, or the "stop and walk a bit with us" idea. This committee will also work in conjunction with the City's Beautification Committee and the TRA.

(The Chairman stated in a memo in September 2009 that any recommendations from the committee are to come before the Board of Directors in separate, individual recommendations, not as a committee. The committee will have no voting or consensus power).

Memorandum



To: Chair Decker and TURA Board of Directors
From: Debbi Reeves, Executive Assistant
Date: 1/24/2013
Re: Neighborhood Improvement Committee

I have done some digging to find out the history of the Neighborhood Improvement Committee and its purpose. On January 27, 2011 at the board meeting, Don Hurd spoke about the formation of the Neighborhood Improvement Committee. The idea was to split costs with property owners to improve sidewalks and curbs much like an Improvement District. The board discussed the streets, sidewalks, and curbs. On March 1, 2011 Don Hurd made appointments to all committees and the Neighborhood Improvement Committee was formed. Don Hurd was Chair of the committee with Carolyn Decker and Joe Martin. In June 2011 Dave Schrom was appointed as Chair of the committee with John Sandusky and Don Hurd as the other committee members.

That is all I know about the committee. If you think we need any further information we could contact Don Hurd or we could listen to the recordings of the meetings and see if there is more information in the conversations.

Let me know if there is anything further I can do on this topic.

Thank you.